



UNIVERSITY OF AGDER

# What facilitates knowledge transfer in an across-national alliance?

A case study of Statoil Indonesia

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*This Master's Thesis is carried out as a part of the education at the University of Agder and is therefore approved as a part of this education. However, this does not imply that the University answers for the methods that are used or the conclusions that are drawn.*

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The Master Thesis counts for 30 ECTS and has been the final step towards my M.Sc. degree in Business Administration at the University of Agder, Norway. The Master Thesis is due on 3<sup>rd</sup> June 2013.

During my studies I have spent two of my semesters abroad in Indonesia as an exchange student throughout 2011. This period combined with selective subjects about International Management inspired me to narrow my thesis to these topics. Further, my interest in the Norwegian oil and gas industry made me contact the Norwegian oil and gas company that is established in Indonesia, Statoil Indonesia. In collaboration with Statoil Indonesia we worked out several problem formulations and in December 2012 the problem formulation was set. Although the thesis has given me frustration and challenges, it has been a positive and thrilling process that has given me new insight into knowledge and practice.

There are several people who have been helpful during this process I would like to show my gratitude to. I would give a special thanks to Mr. Tor Fjæran and Statoil Indonesia, for giving me the opportunity to write this thesis and providing me with useful information. I would also like to thank all my respondents for their participations in extensive interviews, for their time, for being engaged in the topic, and for contributing with interesting and relevant information in order to answer my research question.

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## ABSTRACT

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Knowledge is recognized as one of the most valuable recourses for an organization to have. Valuable knowledge can give an organization competitive advantage and can be attractive for other organizations. Today strategic alliances come together because of their different skills or knowledge that each of them want to acquire. In many situations, valuable knowledge is difficult to imitate, and alliances are made so they can transfer this knowledge effectively and efficiently. Knowledge transfer across borders becomes increasingly important for global organization, and organization from emerging markets to be competitive in both domestic and global markets. But how is knowledge transferred in such a context?

To be able to transfer knowledge successfully across national borders, you need to know what facilitates knowledge transfer. This is the main purpose of this thesis is to investigate: what facilitates knowledge transfer in an across-national alliance? I will also look at what may be a barrier for knowledge transfer in this context. To achieve the research problem this thesis will aim to develop a suggested framework from adapted versions of Simonin (1999, 2004) models and other relevant empirical research that has been done during the last two decades.

In this study I will use a qualitative approach based on collecting data from seven respondents representing an alliance between two oil and gas companies located in Indonesia; Statoil Indonesia and Pertamina. There will be conducted in-depths interviews, and the respondents will represent three groups: (1) top management of Statoil Indonesia, (2) Pertamina employees and (3) Indonesian Statoil employees.

A final framework is suggested and got support for following factors: knowledge tacitness, learning intent, knowledge relatedness, partner relationship and culture distance. The research contributed to expand the culture distance factor with two sub-factors: collective society and power distance. During the research, the factor X – mobile human knowledge; was discovered and was shown to be a main contribution in this research. It showed that human knowledge is not only mobile, but it showed a downside with knowledge transfer. That mobile human knowledge is a challenge for an organization; how do you keep human knowledge within the firm? The research also discovered that knowledge gives power for Indonesians, and they showed reluctance in sharing knowledge, and recognized that knowledge sharing is not necessarily the same as knowledge transfer.

**Keywords:** oil and gas industry, knowledge, valuable knowledge, knowledge transfer, strategic alliance, across-national borders, knowledge transfer in a strategic alliance.

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## CHAPTER 1 – INTRODUCTION

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According to Inkpen and Pien (2006) “two or more organizations come together because of their skills, knowledge, and strategic complementarity” (p. 780). This is why Statoil and Pertamina, a Norwegian and Indonesian company made a strategic alliance together in 2007. Since valuable knowledge is seen as a competitive advantage for a company, others would like to acquire this knowledge. “When a foreign source has knowledge that is valuable, rare and non-substitutable, it is perceived as being more attractive in the eyes of the recipient” (Perez-Nordtvedt, Kedia, Datta & Rasheed, 2008, p. 734). In order for them to acquire valuable knowledge that is difficult to imitate, alliance were made so they could do knowledge transfers effectively and efficiently. How was this done? What factors facilitate and make barrier for knowledge transfer in this context? These questions, and more to come lead us to a research question that is presented below. But before this section, a background of the study will be presented. At the end of this introduction a purpose of this study, limitations and dispositions will be presented.

### **1.1. Background of the study**

Today, Indonesia is the fourth biggest country in the world, population wise, and has shown a phenomenal economic growth with a GDP growth between 6,2 and 6,5 percent during year 2003-2007 and 2008-2012 (World Bank, 2013a). When the financial crisis in 2009 made the world's economic growth decline, Indonesia only slowed down to 4,5 percent, and was the third-fastest growing G-20 member in that period (Global Edge, 2013). According to World Bank (2013b), Indonesia have a forecasted GDP of 6,3 percent in 2013. To compare, the average world GDP forecast for 2013 is 3,3 percent and in average the Emerging Market and developing countries is 5,3 percent forecast (International Monetary Fund, 2013). Some go to the extent of stating that Indonesia in the future, will become one of the newest members of BRIC (BBC, 2013). Today the BRIC group is the world leader of the emerging markets; Brazil, Russia, India and China (BBC, 2013). Indonesia is becoming a major economic player in the world, because of a growing middle class, increased domestic consumption, growth in GDP, cheap labor, lots of natural resources and they are politically stable (BBC, 2013; Innovasjon Norge, 2012). There is no doubt that Indonesia is a developing country soon

recognized as emerging market, and now accordingly to Eurocham (2011), will attract attention for investors. Indonesia has also been more attractive for investors because of its improved legislation, updates that covers foreign investments, oil and gas, bankruptcy, competition and monopoly and others (eGovernment, 2013; Eurocham, 2011).

In 2013, there are only around 20 Norwegian companies established in Indonesia (eGovernment, 2013). With this knowledge about Indonesia you will think there would be a lot of Norwegian investments in Indonesia by now, but that isn't the case. Why is this so? Some of the reason can be explained by the difficulty of doing business in Indonesia. Accordingly to Doing business (2013), Indonesia is only ranked as number 128 out of 183 in the 2013 ranking of the overall ease of doing business. Indonesia carries obstacles for investment in Indonesia, why is that? Doing business in Indonesia has more risks and demands more effort and adjustment than it would have done in a developed country (eGovernment, 2013). Further there are other obstacles than can be observed; the national culture distance.

In 2007 Statoil decided to establish a subsidiary, Statoil Indonesia. Indonesia has proven to have large gas reserves and because of the improved legislations from the Indonesian government it has been made possible for Statoil to use their expertise knowledge from deep-water exploration and start exploring for oil and gas in Indonesia. Since this sounded intriguing I had regular contact with Tor Fjæran, President Director of Statoil Indonesia to develop a research problem that was related to their business in Indonesia and their use of expertise knowledge. In 2007 an alliance was made between Statoil and the Indonesian national oil company, Pertamina. The purpose of this alliance was partially to transfer knowledge to each other. Both had specific knowledge that the other wanted to acquire. Knowledge transfer was also made internally in Statoil Indonesia. This knowledge transfer processes in an across-national alliance led me to the development of a research problem for this thesis.

## **1.2. Research problem**

Accordingly to Perez-Nordtvedt et al (2008), knowledge that is viewed valuable, gives the recipient a desire to absorb such knowledge. Both Statoil and Pertamina viewed their partner's knowledge valuable and an alliance was created to acquire such knowledge. When knowledge is valuable, it can be difficult for other to imitate, and tight relationships have to

be made for making a knowledge transfer. We have learned that a knowledge transfer has occurred internally in Statoil Indonesia and externally to their partner Indonesia. Further we have learned that there are difficulties establishing in Indonesia and these difficulties can be represented in culture distance, and create other obstacles for knowledge transfer. Finally, bearing in mind that this thesis will focus on knowledge transfer in an across-national alliance, leaves me with six objective questions:

- (1) What was the purpose of the alliance, especially regarding knowledge transfer?
- (2) How did Statoil Indonesia and Pertamina perceive the knowledge transfer process between them?
- (3) Is there any difference in how knowledge were transferred from Statoil Indonesia to Pertamina versus Indonesian Statoil employees?
- (4) What factors facilitate knowledge transfer in an alliance?
- (5) What barriers will affect knowledge transfer in an alliance?
- (6) Have the purpose of the knowledge transfer been achieved?

Being able to answer these objectives, the research question can be answered, and will be as followed:

*What facilitates knowledge transfer in an across-national alliance?*

### **1.3. Purpose**

The purpose of the study is to gain insight into what facilitates knowledge transfer in an across-national alliance. I will study the knowledge transfer process from both sides with a focus on those individuals taking directly part in the alliance; how they perceived the knowledge transfer process. When conducting a qualitative case study of Statoil, it will give an insight into what factors that will facilitate and make barrier for knowledge transfer. The main purpose of this study is to conduct a final framework for the research question. Since this is a qualitative research my intent is not to generalize my findings to more than it is. This knowledge transfer is between two specific partners; Statoil Indonesia and Pertamina. Two different national companies create an alliance together. This framework will to some extent contribute to the field for further research in knowledge transfer in an across-national alliance in industries that use very high technology knowledge such as the gas and oil industry.

#### 1.4. Limitations

Since this master thesis is within Master of Science in Business Administration my focus will be to analyze the perspectives of knowledge transfer in an across-national alliance, and not focus on the technical perspectives. I have very limited prior knowledge of the technical aspect in the oil and gas industry; therefore such aspects will be simplified in this research. A more detailed and extensive limitation of this research will be presented in the last chapter: conclusion.

#### 1.5. Disposition

<b>Ch. 1 – Introduction</b>	The background of my study and research problem is presented.
<b>Ch. 2 – An alliance overview</b>	A brief background of the oil and gas industry in Norway and Indonesia will be presented, followed by information about the alliance partners. The purpose of the alliance will be presented to better understand why the knowledge transfer took place.
<b>Ch. 3 – Theoretical framework</b>	In this chapter, relevant theory will be presented that will help us to answer the research problem. At the end of the chapter a suggested framework will be presented that will be the basis for this thesis when collecting data and analyzing the data.
<b>Ch. 4 – Research methodology</b>	My choice of method and research process will be explained in detail with valid arguments of choices made.
<b>Ch. 5 – Findings</b>	In this chapter, I will present the most relevant findings that are collected from eight in-depth interviews.
<b>Ch. 6 – Discussion</b>	The most relevant findings will be further discussed. This discussion is divided into three parts: findings that support the framework, findings that we don't have support for and findings that are supplement. At last, a final framework will be presented.
<b>Ch. 7 - Conclusion</b>	A conclusion will be made to present and discuss the most important findings and contribution. I will further discuss limitations and end with some suggestions of further research.



## **CHAPTER 2 – AN ALLIANCE OVERVIEW**

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This chapter will give an insight into the oil and gas industry in Norway and Indonesia and a presentation of the two alliance partners: Statoil and Pertamina. After this, some background information about the purpose of the alliance will be presented to make a better understanding of why the alliance was made.

### **2.1. Norwegian and Indonesian oil and gas industry**

In Norway, 1965, the first oil production licenses were distributed, the first actual oil discovery was made in 1969 (Regjeringen, 2013). Even though the Norwegian oil production started in 1971, Indonesia already made their first oil discovery in 1885 (PWC, 2012; Regjeringen, 2013). Indonesia is still a significant player in the international oil and gas industry, and they prove to have oil reserves of 4 billion barrels (BP, 2012). While Norway accounts for 2,3 percent of the world's oil production, Indonesia accounts for 1,1 percent, ranking it at 21<sup>st</sup> place among the world oil producers (BP, 2012). The oil production has decreased in Indonesia, and it is being replaced with increased gas production (PWC, 2012). Indonesia produces more oil than gas, ranked 8<sup>th</sup> in the world and the 2<sup>nd</sup> largest exporter of LNG in the world in 2011 (BP, 2012; PWC, 2012). According to (PWC, 2012) report, the gas reserve in 2010 ranks Indonesia 11<sup>th</sup> largest in the world, triple of the oil reserves of Indonesia and can supply the country for 50 more years. Today both oil and gas is still an important part of the Indonesian economy with a contribution of 20 percent to the domestic revenue (PWC, 2012).

### **2.2. Statoil**

Statoil was established in 1972 as a Norwegian state-owned oil company, and it had its first production at the Statfjord Block in 1979 (Statoil, 2012c). In 2001 Statoil was listed on the stock exchange and became partially privatized, letting the Norwegian state by 2009 own a 67 percent share (Statoil, 2009a). Today Statoil has its main activities in Norway, where they have around 80 percent operatorship of all the oil and gas production in Norway (Statoil, 2012b, 2013c). Statoil onshore activities in Norway covers gas treatment, crude oil reception, refinement and methanol production (Statoil, 2013c).

Statoil merged with Norsk Hydro's oil and gas division in 2007 letting them strengthen their international expansion (Statoil, 2012c). Today Statoil is an international energy company with approximately 21,000 employees which has operations in 35 countries (Statoil, 2013b). Almost half of Statoil's exploration is done abroad, where deep-water drilling is their main and most valuable knowledge (Statoil, 2012a). This is knowledge Statoil brought to the table when entering Indonesia. In a newspaper article in Oil & Gas Financial Journal (2008), Tor Fjæran at Statoil said that when the government in Indonesia opened access for new deep offshore blocks there was a potential to find large discoveries in the deep-water, where Statoil expertise lies. In 2007 Statoil established its office in Indonesia and has so far built an oil and gas exploration portfolio where most of the new areas are located offshore in deep-waters in the Eastern region of Indonesia (Statoil, 2013a). So far Indonesia has acquired 2,000 square kilometers of 3D seismic data and conducted several drillings on operated exploration wells and non-operated wells without any significant findings (Statoil, 2013a).

A significant portion of Statoil's oil and gas portfolio represents partner-operated fields that ranges from development projects to mature fields (Statoil, 2009b). According to Regjeringen (2001), if Statoil was to enter a strategic alliance, it could provide them with access to reserves and markets not otherwise available. In other words, the largest shareholder, the state, recognizes the importance of making alliances. It will gain Statoil benefits like access to reserves. Now I will present an introduction of Pertamina, the section thereafter will look at the purpose of the strategic alliances that were made.

### **2.3. Pertamina**

Pertamina was established in 1968 as an Indonesian state-owned oil company (Pertamina, 2012a). Compared with Statoil that become a partially state-owned oil company, Pertamina is still recognized as a state-owned company at the time this thesis is conducted. From 1971 to 2001 Pertamina had solely access to produce all oil and gas and processing them into various products all over Indonesia due to government regulations (Pertamina, 2012a). The new oil and gas law no. 22 in 2001 license opened up for private companies in Indonesia (Pertamina, 2012a). This led Pertamina partially in the same positions with their competitors in the oil and gas industry. In the response of the competition, Pertamina made a new long term vision: "to become a world class national energy company. Pertamina's exploration and production are not exclusively performed by themselves, but through joint operation arrangements



(Pertamina, 2012b). Today Pertamina focuses on strategic alliances both with domestic and foreign partners, to develop its exploration and production business (Pertamina, 2012b). Pertamina has 64 oil and gas contracts in 2012 within joint operation arrangement (Pertamina, 2012b). Even though Pertamina has only one production overseas, in Malaysia so far, Pertamina tries to meet the energy demand and expand their business overseas, where Adfal Bahuadin, investment planning and risk management director said: “Pertamina will exercise every available opportunity abroad” (The Jakarta Post, 2010; Upstream).

#### **2.4. Strategic alliance between Statoil Indonesia and Pertamina**

In 2006, Pertamina and Statoil signed a memorandum of understanding covering cooperation, to analyze and pursue joint opportunities in exploration and production in Indonesia (Offshore, 2006). Further, Helge Lund at Statoil said:

*“both Statoil and Pertamina have the skills, experience and technologies that will add value to this partnership. We hope that this will create significant growth potential for both parties” (Offshore, 2006).*

In 2007, Statoil and Pertamina was awarded the Karama deep-water block license in the Makassar Strait, Indonesia (Offshore, 2007). They had one specific partnership with Statoil holding a 51 percent stake and Pertamina holding the remaining 49 in the license (Aftenbladet, 2012; Offshore, 2007). In this license they had jointly deep-water exploration while Statoil had the operatorship. The main purpose for both partners in the alliance was business development:

*“The intention from both of us was to build a relation in expectations that there were a business opportunity in this partnership” (Tor, President Director of Statoil Indonesia, in-depth interview, 2013).*

The more specific purposes for Statoil Indonesia to make an alliance with Pertamina was to acquire knowledge from Pertamina about how to do business in Indonesia, and Indonesian geology.

*The alliance was a natural fit because “Pertamina has an extensive knowledge of Indonesia’s subsurface, including offshore areas, and also knows the business climate, has experience operating in the country and has close relations with the authorities. All of these aspects are*

*of great benefit to a company like Statoil, which is a new player in Indonesia. In addition, for a partially state-owned company like us it just makes sense to cooperate with other national-owned companies because we can better understand each other's issues" (Oil & Gas Financial Journal, 2008)*

*The intention for Statoil Indonesia was to gain knowledge into how to do business in Indonesia and about their geology, there is normally no one better to learn from than those coming from Indonesia itself like Pertamina" (Tor, President Director of Statoil Indonesia, in-depth interview, 2013).*

On the other side, Pertamina wanted to acquire deep-water exploration knowledge Statoil possessed. For Pertamina this cooperation will give them an opportunity to acquire expertise and technology in the offshore operations (Oil & Gas Financial Journal, 2008). This technology knowledge refers to all the expertise Statoil possess regarding deep-water exploration knowledge.

Pertamina also wanted to learn how Statoil was organized, what systems and government processes that was used:

*"The former experience Statoil had as being a state-owned small company in 1972 to build what we have today was interesting for Pertamina. Since Pertamina is a state-owned company they wanted to learn how we organized, which systems we have established, government processes and further on" (Tor, President Director of Statoil Indonesia, in-depth interview, 2013).*

Knowledge was transferred to the top management of Pertamina and others, but mainly, the agreement for Statoil was to transfer knowledge to four Pertamina employees.

*"We work close with Pertamina and we wish to transfer the knowledge we have to them. That is part of the agreement and we have four employees from Pertamina who are working in our office" (Aftenbladet, 2012).*

In general there were only four Pertamina employees working for Statoil during a longer period. This study will focus on those four Pertamina employees as recipients of the knowledge transfer from Statoil. How Statoil transferred their knowledge and if it has been achieved will be further elaborated in the finding and discussion chapter. Statoil on the other hand did not have any Statoil employees working in Pertamina organization to acquire knowledge. How this knowledge was acquired and if Statoil goal was achieved will be revealed in the findings and discussion chapter. In January 2013 Statoil and Pertamina relinquished their stakes in the deep-water Karama block, since there were no significant hydrocarbon reserves found (Indonesia Today, 2013; Rigzone, 2013).

We can conclude that the purpose of the alliance was to create business opportunities together and transfer specific firm knowledge to each other. There were specifically four employees from Pertamina who were supposed to receive knowledge from Statoil. This will be my main focus when investigating this research.



## CHAPTER 3 – THEORETICAL FRAMEWORK

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In this chapter, relevant theories will be presented and will be useful to develop a suggested framework at the end of the chapter. First a presentation of concepts like resource based view and knowledge based view to better understand knowledge as an important resource for an organization. This is followed by a more detailed explanation about knowledge and knowledge transfer. Concepts like developing and develop countries, and strategic alliances will also be discussed. At last, but not least, combining the separate theories presented and to understand its totality will be crucial to develop such a suggested framework. For this totality I will partially use the theory presented by Simonin (1999, 2004) and other relevant empirical research done during the last two decades. With a basis in these theories I will have support for developing a suggested framework on “*knowledge transfer in an across-national alliance*”.

### 3.1. Firm resources

Accordingly to Grant (1996), knowledge is probably one of the most strategically important resources for a firm. Resources for a firm “include all assets, capabilities, organizational processes, firm attributes, information, knowledge etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness” (Daft, 1983 cited by Barney, 1991, p. 101). Or, we can classify firm resources into three categories: physical capital resources, organizational capital resources and human capital resources (Barney, 1991; Becker, 1964; Tomer, 1987; Williamson, 1973). Physical resource can be physical technology used in a firm, a firm plant and equipment, its geographic location and its access to raw material. Organizational capital resources include a firm`s reporting structure, its formal and informal planning, controlling, and coordinating systems, as well as informal relations among groups, within a firm and between a firm and those in its environment. While human capital resources can include the training, experience, judgment, intelligence, relationship, and insight of individual managers and workers in a firm.

### **3.1.1. Human knowledge – one of the most valuable resources**

According to Coff (2002), “human capital refers to knowledge that is embodied in people” (p. 108). In other words, human capital can be identified as human knowledge. From this point human capital will only be referred as human knowledge. Human knowledge has become an important source for firms to get competitive advantage. Since global economy is becoming more knowledge based, it is important for a firm to achieve the high performance and success they need to acquire, develop superior human knowledge and keep this knowledge in the firm (Crook, Todd, Combs, Woehr, & Ketchen, 2011). Even though replacement of employees is easy, the cost of doing so can be significant and may affect their firms target value (Coff, 2002). Those people with general valuable knowledge versus more firm-specific knowledge makes them easy to transfer knowledge to competitors leading them to move the highest paid employer (Coff, 1997; Crook et al., 2011). Valuable knowledge that is more firm-specific is more difficult to transfer to competitors, and should be kept in the firm. In other words, valuable human knowledge that is firm-specific should be developed and kept in the firm not only achieve success for the firm, but to reduce future cost of new hiring and development.

An organization consist of administrative systems, concept, models and patents made by employees and will remain even if many employees leaves the organization (Sveiby, 2001). Organizational knowledge is partially independent of individuals and will remain, even internal network and the organizational culture belongs to the organization (Sveiby, 2001). This recognizes that organizational knowledge can also be valuable even if the employees leave the organization.

Tangible resources, such as physical resources can only be used by their owner and depreciate with use, while knowledge do not decline in value, but adds to your knowledge and can be reproduced and shared by multiple users, and is broadly available (Nonaka, Toyama, & Hirata, 2008; Sveiby, 2001). Even though human knowledge can be one of the most valuable resources a firm can have, it should recognize that other firm resources can also be valuable. A firm should be able to identify potential valuable resources and its ability so that a resource can be a source for a firm’s competitive advantage. Using a resource based view approach a firm can identify potential resources to represent sustainable competitive advantages. However, according to Barney (1991), a resource only gives sustainable competitive advantage if it is valuable, rare, difficult to imitate and is a non-substitutable resource.

### 3.1.2. Resource based view (RBV)

Accordingly to Barney (1991), firms resources can give them an opportunity to outperform others. His article on resource based view says that firm resources can create a source of sustained competitive advantage. Barney (1991) suggests that the search for sources of sustained competitive advantage must focus on firm resource long lasting heterogeneity and immobility across firms in the same industry, to build a theoretical model. However, not all firm resources hold the potential of sustained competitive advantage. To have this potential, resources that represent a sustainable competitive advantage has to be; valuable, rare, inimitable and non-substitutable (Barney, 1991). “Resources are *valuable* when they enable a firm to conceive of or implement strategies that improve its efficiency and effectiveness” (Barney, 1991, p.106). A resource is *rare* when is possessed by a few firms, so not all can exploit the resource in the same way. When a resource is *inimitable* it is difficult for others to imitate, in other words imperfectly imitable. In order for a *non-substitutable* resource there should not exist other valuable resource that are neither rare nor imitable. A “sustained competitive advantage is when implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy” (Barney, 1991, p. 102).

Even though the resource based view explicitly says that not all firm resource can potentially be sustained competitive advantages, it doesn't emphasize on how a firm should manage knowledge, only firms resource in general. But, the knowledge based view does.

### 3.1.3. Knowledge based view (KBV)

Nonaka, Toyama and Hirata (2008) explain the need for a new theory of knowledge and its management, and say that the resource-based view of the firm knowledge as a resource is not sufficient for understanding the role of knowledge in management and how the process in which knowledge is created (Nonaka et al., 2008). This new theory; knowledge based view of the firm, tries to overcome the resource-based views weakness. The resource-based view is missing “a comprehensive framework that shows how various parts within and across organizations interact with each other over time to create something new” (Priem & Butler, 2001; Nonaka, Toyama & Hirata, 2008, p. 6). Grant (1996) also agrees that the resource-based view doesn't go far enough even when this theory recognize how important knowledge of firm is to achieve a competitive advantage. However, the author will not agree that

knowledge-based view is yet, a theory of the firm, so far it is insufficient consensus (Grant, 1996). To an extent he states that knowledge-based view “focus upon knowledge as the most strategically important of the firm`s resources, it is an outgrowth of the resource-based view” (Grant, 1996, p. 110). Grant (1996) tries to make a more general knowledge-based approach, where transferability, capacity for aggregation and appropriability are relevant issues in the process of knowledge value creation. Furthermore the knowledge-based approach is distinguished by two assumptions: “first, that knowledge creation is an individual activity; second, that the primary role of firms is in the application of existing knowledge to the production of goods and services” (Grant, 1996, p.112).

We have seen how firms can identify valuable resources to achieve competitive advantage. So far we have recognized e.g. knowledge as an important resource for a firm, where human knowledge is most likely one of the most valuable resources a firm can have. But what is knowledge? In the next section, we will go in-depth to explain what knowledge is and present different dimensions of knowledge. This will help us to better understand the knowledge transfer process.

### **3.2. Knowledge**

So far we have recognized knowledge not only a resource for a firm, but most likely one of the most valuable resources a firm can have. Knowledge should be acquired, developed and kept by a firm to become successful. “In a global economy, knowledge may be a competitive advantage” (Davenport & Prusak, 1998, p.12). But what is knowledge? In this section I will distinguish the difference between information, data and knowledge and conclude with one definition of knowledge. Knowledge will be further distinguished between the two dimensions: explicit knowledge versus tacit knowledge. This will be an important aspect to better understand the knowledge transfer process.

#### **3.2.1. Data, information and knowledge**

In order to do knowledge work successfully, you need to distinguish the difference between information, data and knowledge (Davenport & Prusak, 1998). “Data is a set of discrete, objective facts about events. (...) In an organizational context, data is most usefully described as structured records of transactions” (Davenport & Prusak, 1998, p.2). Data is essential raw



material for the creation of information. Information is described by Davenport and Prusak (1998) as a message, either in form of a document or an audible or visible communication. A message has a source and a recipient, and it is meant to change the way the recipient perceives something, to have an impact on his judgment and behavior. These concepts data and information is related to knowledge. Knowledge derives from information as information derives from data. Finally, their definition of knowledge presented by Davenport and Prusak (1998)

*“Knowledge is fluid mix of framed experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information. (...) in organizations, it often becomes embedded not only in documents or repositories but also in organizational routines, processes, practices, and norms” (p. 5).*

The definition of Davenport and Prusak (1998) mentioned above is criticized, because “it is not clear in what sense knowledge is different from information nor how it is possible for values and contextual information to originate and apply in the minds of individuals alone” (Tsoukas & Vladimirou, 2001, p. 974). The authors conclude that is still not clear what knowledge is, nor what makes it organizational (Tsoukas & Vladimirou, 2001).

Furthermore Davenport and Prusak (1998) say that “the power of knowledge to organize, select, learn, and judge comes from values and beliefs as much as, and probably more than, from information and logic” (p. 12). According to Nonaka and Takeuchi (1995), also differentiate knowledge from information, knowledge is about action, beliefs and commitment. Further, Nonaka and Takeuchi (1995), define knowledge as:

*“dynamic human process of justifying personal belief toward the truth” (p. 58).*

At last, Sveiby (2001), also distinguish knowledge from data and information, and defines knowledge as:

*“dynamic, personal and distinctly different from data (discrete, unstructured symbols) and information (a medium for explicit communication)” (p. 345).*

### **3.2.2. Selection of knowledge definition**

Summarized, we can say that knowledge is different from information and data, it is a dynamic human process where facts, experiences, skills and insight lead to new knowledge

that is not only written down, but embedded in your routines. I believe that definition of Davenport and Prusak (1998), will be most explanatory in this study and will be used throughout this thesis, knowledge is a:

*“(...) fluid mix of framed experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information. (...) in organizations, it often becomes embedded not only in documents or repositories but also in organizational routines, processes, practices, and norms” (p. 5).*

### **3.2.3. Explicit knowledge versus tacit knowledge**

Now that we have found a definition for knowledge, we need to be aware that knowledge can be distinguish along two dimensions; explicit knowledge which is objective and tacit knowledge which is subjective. Nonaka and Takeuchi (1995) state that “explicit knowledge can be expressed in words and numbers, and easily communicated and shared in the form of hard data, scientific formula, codified procedures, or universal principles” (Nonaka & Takeuchi, 1995, p.8).

Tacit knowledge is complex and cannot effectively be codified, e.g. trying to explain in detail how you swim or ride a bicycle (Davenport & Prusak, 1998). “This is why the codification process for the richest tacit knowledge in organizations is generally limited to locating someone with the knowledge, pointing the seeker to it, and encouraging them to interact” how to codify tacit knowledge (Davenport & Prusak, 1998, p.71). This type of knowledge is difficult to communicate, formalize and share with others. Polanyi (1983) says that most of this tacit knowledge cannot be put into words, “we can know more than we can tell” (p. 4). According to Nonaka and Takeuchi (1995), tacit knowledge is something not easily visible and expressible. Furthermore “tacit knowledge is highly personal and hard to formalize, making it difficult to communicate or to share with others” (Nonaka & Takeuchi, 1995, p.8). Tacit knowledge can be segmented into a technical dimension which is a sort of “know how” knowledge which is informal and hard-to-pin- down skills, and a cognitive dimension which consist of mental models, beliefs and perceptions, it reflects our image of reality and the vision for the future (Nonaka & Takeuchi, 1995). Furthermore “knowledge cannot exist without human subjectivities and the contexts that surround human beings because “truth” differs according to who we are and from where we view it. (...) It is subjectivity that interpret the significance of information” (Nonaka, Toyama & Hirata, 2008, p. 8).

Explicit knowledge can easily be stored, while the tacit knowledge is more difficult to transmit or process the acquired knowledge in any systematic or logical manner (Nonaka & Takeuchi, 1995). It needs to be converted into words or numbers in order for anyone to understand. However, the most valuable knowledge can neither be taught nor passed on (Levitt, 1991). The most powerful learning comes from direct experience, e.g. a child learns to eat, walk, and talk, they learn with their minds and bodies through trial and error.

The difference between explicit and tacit knowledge can be summarized from Nonaka and Takeuchi (1995) in the table below.

<b>Tacit knowledge (Subjective)</b>	<b>Explicit knowledge (Objective)</b>
Knowledge of experience (body)	Knowledge of rationality (mind)
Simultaneous knowledge (here and now)	Sequential knowledge (there and then)
Analog knowledge (practice)	Digital knowledge (theory)

**Table #1: Two types of knowledge.** Source: (Nonaka & Takeuchi, 1995, p. 61)

Recognizing that some knowledge either is explicit or tacit is important to understand these dimensions when studying the knowledge transfer process in general. When knowledge is tacit, it is hard to visualize and makes it more difficult to transfer, than with explicit knowledge. In the next section we will look at how explicit and tacit knowledge can be transferred.

### **3.3. The process of knowledge transfer**

In order for one to acquire knowledge from another source a knowledge transfer normally take place. The main objective for a knowledge transfer process in general is for the source to transfer knowledge successfully to the recipient (Cummings & Teng, 2003). According to Argote and Ingram (2000), humans are an important mechanism when transferring knowledge, and further define knowledge transfer in an organization as a “process through which one unit (e.g. group, department, or division) is affected by experience of another” (p. 151). A knowledge transfer within a firm is not easy and can be a challenging process (Cummings & Teng, 2003; Szulanski, 1996). Knowledge is not only transferred within a firm,

but also transferred between firms, through inter-organizational alliances and linkages (Choo & Bontis, 2002).

In this section suggestion of methods to transfer both explicit and tacit knowledge internally or externally will be covered. Three models will be presented with different aspects of knowledge transfer, and they will give us a deeper understanding of the knowledge transfer process.

### **3.3.1. The SECI- and Spiral-model by Nonaka and Takeuchi (1995)**

According to Nonaka and Takeuchi (1995), there are four different modes of knowledge conversion or transfer when assuming that knowledge is created through the interaction between tacit and explicit knowledge. These four modes are: socialization, externalization, combination and internalization. This process is known as the SECI model, a process of creating organizational knowledge from individual knowledge through human interaction. These four modes are what the individual experiences, and they are also how the individual knowledge gets articulated and amplified into and throughout the organization. In other words, this process creates a knowledge transfer throughout the organization and leads to organizational knowledge creation.

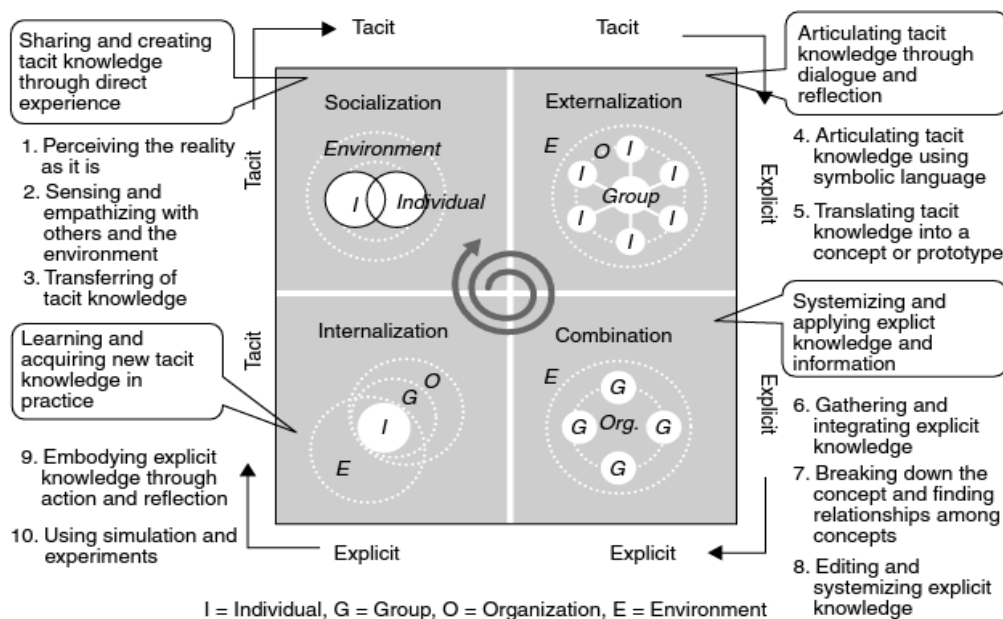
These modes are as follows (Nonaka & Takeuchi, 1995):

- Socialization: from tacit knowledge to tacit knowledge. Socialization is a group process and organizational culture of sharing experiences and thereby creating tacit knowledge. They learn and get experience through observation, imitation and practice, which can be compared with on-the-job training.
- Externalization: from tacit knowledge to explicit knowledge. This mode is seen as a process of concept creation and triggered by dialogue or collective reflection. It is possible to make tacit knowledge explicit, suggesting three characteristics: reliance on figurative language and symbolism, individual's personal knowledge has to be shared with others and ambiguity and redundancy. Externalization is a non-analytical method, driven by metaphor and/or analogy when we cannot find an adequate expression for an image through analytical method.
- Combination: explicit knowledge to explicit knowledge. Combination is information processing of systemizing concepts into a knowledge system. "Individual exchange

and combining knowledge through such media as documents, meetings, telephone conversations, or computerized communication networks” (67).

- Internalization: explicit knowledge to tacit knowledge. It is closely related to organizational learning such as learning-by-doing. “When experiences through socialization, externalization, and combination are internalized into individuals` tacit knowledge bases in the form of shared mental models or technical know-how, they become valuable assets” (p. 69). Knowledge is verbalized or diagrammed into documents, manuals, or oral stories.

Explicit and tacit knowledge are not separate, but interact with and interchange into each other in the creative activities of human beings (Nonaka & Takeuchi, 1995). In other words, through social interaction between explicit and tacit knowledge human knowledge is created and expanded. This interaction is called “knowledge conversion” and is a “social” process between individuals, and not confined within an individual (Nonaka & Takeuchi, 1995). “Thus through this “social conversion” process, tacit and explicit knowledge expand in terms of both quality and quantity” (Nonaka, 1990, cited by Nonaka & Takeuchi, 1995, p. 61). Through an interaction between tacit and explicit knowledge a spiral emerges allowing organizational knowledge creation be elevated dynamically from the individual levels and moving to higher levels across groups, departmental, divisions and organizational boundaries (Nonaka & Takeuchi, 1995).



**Figure #1: “The knowledge-creating process: SECI model”.** Source: (Nonaka et al., 2008, p. 19, Managing flow: a process theory of the knowledge-based firm. Basingstoke: Palgrave Macmillan.)

### **3.3.1.1. Some critics of the SECI-model**

Gourlay (2006) criticize Nonaka's SECI model and stated that it appears that only socialization and externalization of tacit knowledge have reasonably good evidence, while activities such as combination or internalization have a lack of conceptual clarity (Gourlay, 2006). Furthermore Gourlay (2006) says that "if tacit knowledge is the source of new knowledge (itself an unsubstantiated claim) it is not clear why knowledge conversion has to begin with socialization" (Gourlay, 2006, p. 1421).

Other critics, such as Tsoukas and Vladimirou (2001), say despite leading experts like Nonaka and Takeuchi on organizational knowledge, there are still crucial questions unresolved. An example of such a question; "it is not quite evident how knowledge becomes an individual possession and how it is related to individual action, nor is it clear in what sense knowledge merits the adjective organizational" (Tsoukas & Vladimirou, 2001, p. 974).

However, the SECI-model and the spiral model of Nonaka and Takeuchi (1995), will be recognized as important basic knowledge transfer models of this thesis to better understand the knowledge transfer process. Now, let's look at some other suggested models of knowledge transfer.

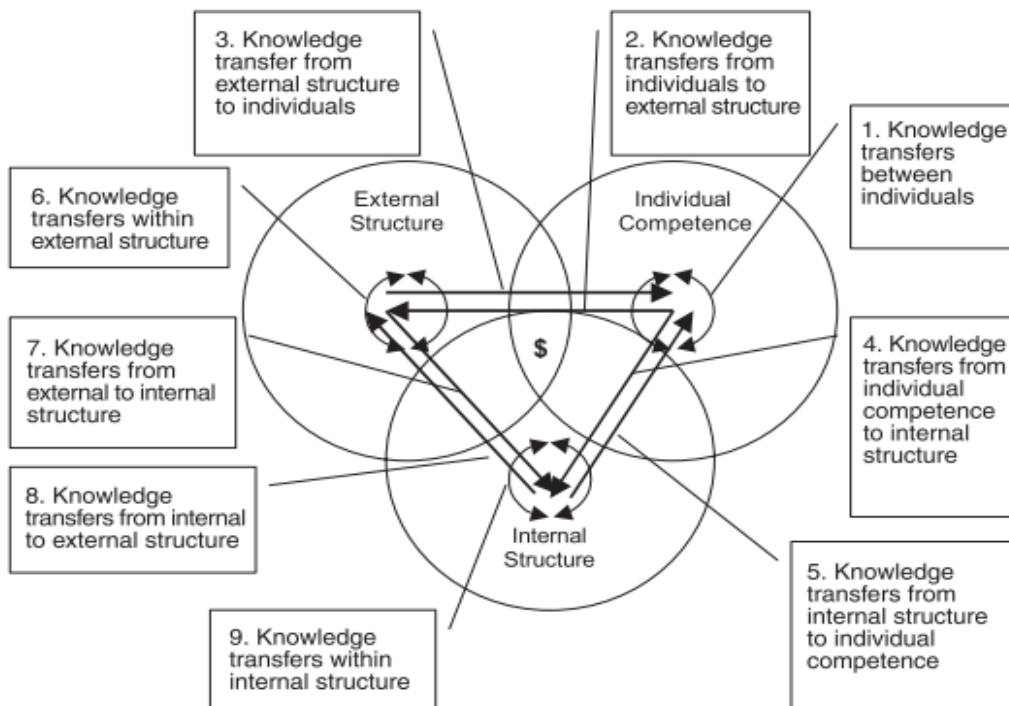
### **3.3.2. Nine basic knowledge transfers by Sveiby (2001)**

Sveiby (2001) argues that in order to have a knowledge-based view strategy you should start with the skills, expertise and knowledge of people. A nine basic knowledge transfer by Sveiby (2001), can to some extent be compared with the spiral model of Nonaka and Takeuchi (1995). Both models look at knowledge transfer of explicit and tacit knowledge transfer internal and external of an organization. However, Nonaka and Takeuchi (1995), goes much more in depth when explaining how knowledge are transferred between the different modes compared with Sveiby (2001), even though his work is more focused on the external knowledge transfer. Sveiby (2001), he states that an individual is able to create value by transferring and converting knowledge both externally and internally to the organization.

Accordingly to Sveiby (2001), there are nine basic knowledge transfers or conversions that exist in most organizations which can be distinguish and create value for an organization:

- Knowledge transfers between individuals “concern how to best enable the communication between employees within the organization” (p. 349). Focus on activities such as trust building, team activities and job rotations and others.
- Knowledge transfer from individuals to external structure “concern how the organization`s employees transfer their knowledge to the outer world” (p.350). Focus on activities such as; having product seminars, customer education and job rotation with customers.
- Knowledge transfer from external structure to individuals “concern how the organization`s employees can learn from the external structure” (p. 350). Focus on activities such as; create and maintain personal relationship between the organization and people outside of the organization. Employees can learn a lot from customers and suppliers, gain new ideas, experience and knowledge.
- Knowledge transfer from competence to internal structure concern conversion from normally tacit knowledge to explicit knowledge into data repositories, so they can be shared easily and efficiently. Focus on activities such as tools, templates, process and systems.
- Knowledge transfer from internal structure to individual competence concern how knowledge can be made available to individuals and how they can improve their capacity to act. Focus on activities such as “human-computer interface of systems, action-based learning processes, simulations and interactive e-learning environments” (p. 351).
- Knowledge transfers within the external structure. Focus on activities such as partnering and alliances, improving company image, brand equity of their products or services and quality offered, and having seminars or other kinds of meetings.
- Knowledge transfer from external to internal structure “concern what knowledge the organization can gain from the external world and how the learning can be converted into action” (p.352). Focus on activities such as understanding of complaints from customers, and create alliances.
- Knowledge transfer from internal to external structure concern on how to “improve the competence of the customers, suppliers and other stakeholders” (p. 352). Focus on activities such as having organizational systems, tools and processes in order to be effective in serving the customers.

- Knowledge transfer within internal structures concern on “how can organization’s systems, tools and processes and products be effectively integrated” (p. 352). Focus on activities such as streaming less databases and building integrated IT systems etc.



**Figure #2: “The nine type of knowledge transfers”.** Source: (Sveiby, 2001, p. 349. A knowledge - based theory of the firm to guide in strategy formulation. *Journal of Intellectual Capital*, 2(4), 344)

### 3.3.3. Stages of knowledge transfer by Szulanski (1996)

Szulanski (1996) describes a four stage knowledge transfer process called “internal stickiness of knowledge transfer”. Internal stickiness of knowledge is referred to as the best practice of a firm or tacit knowledge (Szulanski, 1996). Compared to the two previous models above, this model of Szulanski (1996) describes only tacit knowledge transfer internally in a firm. While we learned that the Nonaka and Takeuchi (1995) model describes four modes of how both explicit and tacit knowledge can be transferred and created through low and high levels from individual, groups, and from organizations to the environment. While Sveiby (2001) also have made an extension of knowledge transfer, to include more specific outside of the firm, where customers and suppliers are included as a family of the firm.



According to Szulanski (1996), internal transfer can be much faster and initially less complicated because they are less hindered by confidentiality and legal obstacles than external transfers (Szulanski, 1996). The four stages of internal stickiness of knowledge transfer (Szulanski, 1996):

- This first stage of knowledge transfer is *initiation*; it contains all events that lead to the decision to transfer. When a need is recognized and the knowledge to meet that need exists, the transfer begins. A search for the potential solutions for such a need can lead to discovery of superior knowledge. Once the solution is identified, the feasibility of the transfer is explored.
- The second stage is *implementation*, it begins with decision to proceed and it is here the knowledge transfer is carried out. At this stage “resources flow between the recipient and the source (and maybe a third party)” (Szulanski, 1996, p. 28). Social ties are made and transferred; practices are often adapted to suit the anticipated needs of the recipient.
- When recipient starts to use the transferred knowledge the implementation related activities cease and the *ramp-up* stage begins. The recipient will be occupied with identifying and resolving unexpected problems, in the beginning this person is most likely to use the new knowledge ineffectively, but over time in a more satisfactory manner.
- When the recipient has achieved satisfactory results regarding the transferred knowledge, the last stage, *integration*, begins. This transferred knowledge gradually becomes routinized.

Further, Szulanski (1996) discovered the three most important factors that would influence the difficulty of transfer tacit knowledge: absorptive capacity, causal ambiguity and arduous relationship between the source and the recipient. I will not elaborate on these factors, since factors that will facilitate and make barriers not only for tacit, but also explicit knowledge will be discussed in the section of “knowledge transfer in an across-national alliance”.

Several models have been presented to show how a firm can create value and how to transfer both explicit and tacit knowledge externally and internally. This will make a better basis when we go further with this research to understand “what facilitates knowledge transfer in an across-national alliance”. It will be important to identify tacit knowledge. When we have identified what is tacit knowledge in an organization, we can look at not only how explicit

knowledge is transferred, but the most valuable knowledge, tacit knowledge. If I am not able to identify tacit knowledge, it will be difficult to identify how tacit knowledge is transferred.

### **3.4. Developed versus developing countries**

In this study I will research between a specific alliance; Statoil Indonesia and Pertamina. Statoil is a partially state-owned Norwegian International company with Norwegian values, while Pertamina is an Indonesian state-owned domestic company with Indonesian values. When two very different nationalities make an alliance together we expect there to be national differences. But first, what distinguish one nation from another? In this section countries will be divided into developed and developing countries, and explained briefly what the difference is between them. At last, I will argue that these differences can affect the culture distance between two partners in an alliance.

#### **3.4.1. Developed countries**

Developed countries have several synonyms such as industrial countries and industrial advanced countries. Accordingly to World Bank (2004), they define a developed country as a high-income country, in which most people have a high standard of living. These classifications include all high income economies except Hong Kong, Israel, Kuwait, Singapore and the United Arab Emirates. Those countries with a high income are economies with GNI per capita of \$12,476 or more (World Bank, 2011). Today the World Bank uses criteria for classifying economies by its gross national income (GNI) per capita. Countries that are highly industrialized, including middle-income countries with transition economies may also be defined as a developed country. IMF, International Monetary fund (2012) classify the difference between developed countries and developing countries using three criteria: per capita income level, export diversification and degree of integration into the global financial system.

Accordingly to United Nations Statistics Division (2012), there is no established convention for the designation of developed countries. They generally consider Japan in Asia, Canada, the United States in North-America, Australia, New Zealand and Europe, except former Yugoslavia to be treated as developed regions or areas. Countries not included under either developed or developing countries regions are countries of Eastern Europe and of the

Commonwealth of Independent states. In other words, Norway is considered as a highly developed country.

### **3.4.2. Developing countries and emerging markets**

While most countries with high income are developed countries, as mentioned above, countries with low or middle levels of GNP per capita are classified as developing countries, also known as emerging markets or emerging countries. Countries with low income have GNI per capita of \$1,025 or less and a GNI per capita between \$1,026 - \$12,475 for those in the group of middle income (World Bank, 2011). Some countries are transition economies with low or middle levels of per capita income and have high industrialization and therefore difficult to class them as a developed or developing country (World Bank, 2004). Accordingly to the World Bank (2004) “more than 80% of the world`s population live in more than 100 developing countries”. Developing regions are Africa, Americas excluding North America, Caribbean, Central America, South America, Asia excluding Japan, and Oceania excluding Australia and New Zealand (United Nations Statistics Division, 2012).

In accordingly to the World Trade Organization (2013) there are no definitions of developed and developing countries, however, members of WTO can decide for themselves whether they are developed or developing country. Furthermore, other members of the WTO can challenge a member to prevent countries from declaring themselves as developing in order to receive provisions.

In a developing country a significant portion of the population lives in extreme poverty and have access to fewer basic public services than compared with developed countries (World Bank, 2012). Some other characteristics of a developing country are as follows: economy based primarily on agriculture, huge part of population has lacks of education, where there is large knowledge gap and technological innovation is scarce, government debt is unsustainable, government has collapsed armed conflicts have been present and where land mass, population and domestic markets are small and far disbursed.

Indonesia is considered by MSCI (2013) emerging markets index, as one of the 21 countries that are classified as an emerging market country. In other words, Indonesia is a developing country. “Emerging markets are classified relatively risky because they carry additional political economic and currency risk” (Investopia, 2013).

### **3.4.3. Across-national distance**

Now that we have identified Norway as a highly developed country while Indonesia is a developing country or emerging market country. What affects will that have on knowledge transfer between such different countries? In this research I focus on “what facilitate knowledge transfer in an across-national alliance”, the theory suggests that there exist national differences in such a context. “When one of the partners (...) comes from an emerging country and the other from a highly developed economy, their configuration of objectives (...) will almost certainly differ from that in the case of partners from two developed countries” (Child & Faulkner, 1998 cited by Hitt, Dacin, Levitas, Arregle & Borza, 2000 p. 451). We identified that there can be a gap between knowledge and lack of education is larger in a developing country, further that there are higher risks involved in investments in such countries, because of unstable governments and conflicts.

Each individual hold patterns that they learned throughout their lifetime, e.g. these pattern can be feelings and how they think and act (Hofstede & Hofstede, 2005). “Most likely each individual consists of several levels, categories or groups at the same time, e.g. can be national level, regional/religious level, gender level, generation level, social class level, organizational level (Hofstede & Hofstede, 2005). Every group or categories of people carry a set of common mental programs which constitutes its culture” (Hofstede & Hofstede, 2005, p. 10). So in other words, a nation is a group of people that holds a pattern that they have learned throughout their life time and what we can identify as national culture. When to nations like Norway and Indonesia are classified as developed and developing countries, we will assume there exist some national culture distance. “Culture distance has been proposed to capture the difference between partners from two countries in terms of national or society-level differences along demographic as well as cultural dimensions, including values and norms” (Shenkar and Reuer, 2006, p. 212). Cultural distance can have a negative consequences for alliances (Shenkar & Reuer, 2006). If the national culture distance can be negative for an alliance, is it likely to believe that it will be more difficult to transfer knowledge in such an alliance.

Summarized, we identified that when transferring in such a context we can assume that there is a national culture distance between a Norwegian and Indonesian culture, and that it can cause implications or difficulties in transferring knowledge. This will therefore be important when identifying factors that can create a barrier for knowledge transfer in an across-national

alliance. This will be further developed later in this chapter when developing a suggested framework for the research question.

### **3.5. Strategic alliances**

Numbers of environmental shifts such as advanced technology, advanced economies and regulatory changes have led to new opportunities and cooperation such as strategic alliances. In an alliance “two or more organizations come together because of their skills, knowledge, and strategic complementarity (...) the difference in partner skills and knowledge provide the catalyst for learning by the alliance partners” (Inkpen & Pien, 2006, p. 780). According to Hitt et al. (2000), “alliance are designed to allow partners to share risk and resources, gain knowledge, and obtain access to markets” (p. 449). A study by Hitt et al. (2000) claim that “alliance partners are selected largely for access to resources that can be leveraged and capabilities that can be learned” (p. 464). According to Gulati (1995), an alliance is a variety of agreements between two or more companies that involves exchange and sharing of their resources to pursue a specific market opportunities, or to gain mutually relevant benefits. Accordingly to Chen (2004), a strategic alliance “is a vehicle for transferring knowledge between partners” (p. 313) and “it is a challenging vehicle for internalizing the other’s competency” (Simonin, 1999, p.595). In an alliance an agreement can include joint ventures, joint R&D agreements, technology exchange, direct investment, licensing and other arrangements (Gulati, 1995). Accordingly to Mowery, Oxley and Silverman (1996), a strategic alliance is an advantage when e.g. technology capabilities, new technology skills and other forms of knowledge that is tacit knowledge, because then it is difficult to make simple contracts when there exist uncertainty of their characteristics and performance.

A strategic alliance is a new form of organizing for emerging markets, and these emerging market firms use it to acquire tangible and intangible resources in order to develop capabilities to compete in a domestic and global market with multination firms (Hitt et al., 2000). Accordingly to Hitt et al. (2000) “firms from developed countries have longer established repertoires for alliance activity than firms from emerging markets, which usually have less experience in exploring and attempting to exploit partnership opportunities” (p.451). That is the opposite opinion compared with Hamel, Doz, and Prahalad (1989), both companies can be strengthened by a strategic alliance with competitors, but it still likely that one partner will be weaker. A weaker partner is a partner that is getting less attractive during

the alliance than they were for their partner in the first place. Often the Western partner ends being the weaker partner if they make an alliance between Asian companies (Japanese) and Western rivals (Hamel et al., 1989). According to Hamel et al. (1989), Western companies give away more than they gain, mainly because they don't possess knowledge of how to win. In this study the authors used 15 strategic alliances, where 7 were between U.S.-Japanese companies and 2 European-U.S companies to base their insight. It is important to notice that this research is between U.S. and Japanese companies, today Japan is recognized as a developed country and not a developing country like most of the Asian countries. So in other words, we have to be careful when using this, however, the insight from Hamel et al. (1989) and Hitt et al. (2000) will help us to understand when two partners make an alliance, normally one of them will be the strongest and will be better at exploiting the opportunities.

In an alliance between Japanese and Western companies, the Japanese managed to make a greater effort to learn, and their outcome was stronger than its Western partner (Hamel et al., 1989). While the Japanese and other successful companies used the alliance to build skills in areas outside the form agreement to gain new knowledge, the Western companies often enter the alliance in order to avoid investments, to reduce costs and risks of entering new markets (Hamel et al., 1989). The reason for why the Japanese companies gain more from an alliance is because Western partners often contribute to technology that is easy to imitate (explicit knowledge), while the Japanese companies contribute with knowledge that is difficult to identify (tacit knowledge). Therefore a company should be careful when selecting what skills and technology they would like to transfer to their partners. Accordingly to Hamel et al. (1989), Western companies should not focus on writing a better legal agreement, but to become better learners, and this is a challenge. One of the Japanese companies observed in the study, stated that "our Western partners approach us with the attitude of teachers, we had the attitude of students" (Hamel et al., 1989, p. 138). Even though this is a study made two decades ago it is of relevance; that differences between partners still exist and especially geographically between Norway and Indonesia, which can create different outcomes from an alliance where learning is a main goal. According to Inkpen and Pien (2006), when knowledge is acquired and learned from an alliance partners the reason for continuing the partnership is gone and the partners need to re-evaluate their commitment. When the goal of an alliance is learning from their partner, this kind of alliance is considered very difficult to manage (Shenkar & Reuer, 2006)

### **3.6. Knowledge transfer in an across-national alliance**

Accordingly to Inkpen (2000), alliances is a good base for learning, because the different partners are brought together normally because they provide different skills, knowledge and strategic complementarity. Further, making an alliance signal that knowledge possessed by their partner will have a strategic value to them (Inkpen & Pien, 2006). According to Bhagat, Kedia, Harveston, and Triandis (2002), “the effectiveness is directly related to the type of knowledge involved in the transfer process” (p. 206). From the findings of Chen (2004), the study explains the need for use of more time and effort when transferring tacit knowledge from their partners, compared with the explicit knowledge. The reason for this is that explicit knowledge is easily acquired and learned compared to tacit knowledge which is hard to formalize and communicate.

According to Bhagat et al. (2002), knowledge transfer across borders is important for global and multinational organizations for their competitiveness, and normally are successful when engaging in joint ventures and strategic alliances. When firms decide to create a strategic alliance for knowledge transfer across national borders, some key factors become critical for facilitating knowledge transfer and for its barrier of knowledge transfer. In this section factors that are relevant to explain this research question will be presented. Most of these factors have support from Simonin (1999, 2004) models. This author researched what facilitates and hinders the knowledge transfer process in strategic alliances across organizational boundaries. The research was based on 147 U.S. public and privately held companies and from both equity-based and non-equity-based alliances.

Some factors mentioned by Simonin (1999, 2004), will however not be recognized as important for my research question, because it is not regarded as relevant in this context. The difference is that my research is in an across-national context, while Simonin (1999, 2004) models only look at multinationals U.S firms making alliances in the U.S. Therefore, other relevant theories that are well documented will be used in addition to make relevant factors for the suggested framework. See the table below for an overview of the main empirical research the factors are based on.

Author	Topic	Purpose	Factors
Simonin (1999, 2004)	Process of knowledge transfer in international strategic alliances	Tests a basic model of organizational learning that captures the process of knowledge transfer in international strategic alliances	<ol style="list-style-type: none"> <li>1. Knowledge Tacitness</li> <li>2. Learning intent</li> <li>3. Learning capacity</li> <li>4. Complexity</li> <li>5. Experience</li> <li>6. Specificity</li> <li>7. Culture distance</li> <li>8. Organizational distance</li> <li>9. Knowledge ambiguity</li> <li>10. Partner protectiveness</li> </ol>
Cummings et al. (2003)	Key factors affecting knowledge transfer success	Identifies factors that affect a successful knowledge transfer, grouped into four broader contexts: Knowledge-, rational-, activity- and recipient context	<ol style="list-style-type: none"> <li>1. Articulability</li> <li>2. Embeddedness</li> <li>3. Knowledge distance</li> <li>4. Learning culture</li> <li>5. Physical distance</li> <li>6. Organizational distance</li> <li>7. Culture/norm distance</li> <li>8. Transfer activities</li> <li>9. Priority</li> </ol>
Inkpen and Pien (2006)	An examination of collaboration and knowledge transfer	Extending existing knowledge in the alliance learning area and provide deeper understanding of some process-oriented aspects of alliance learning performance	<ol style="list-style-type: none"> <li>1. Knowledge tacitness</li> <li>2. Knowledge relatedness</li> <li>3. Partner skills difference as an antecedent to learning</li> <li>4. Partner relationship and openness</li> <li>5. Knowledge connections</li> <li>6. Performance alliance</li> </ol>
Perez-Nordtvedt et al. (2008)	Effectiveness and efficiency of cross-border knowledge transfer	Examines the impact of several factors to effectiveness and efficiency of knowledge transfer in international companies	<ol style="list-style-type: none"> <li>1. Knowledge characteristics</li> <li>2. Recipient learning intent</li> <li>3. Attractiveness of the foreign source</li> <li>4. Relationship quality</li> </ol>
Liu (2012)	An investigation of relationship learning in	Identify factors that influencing relationship	<ol style="list-style-type: none"> <li>1. Learning intent</li> <li>2. Absorptive capacity</li> </ol>



	a cross-border buyer-supplier relationship	learning in a cross-border context	3. Cross-cultural difference 4. Relationship learning 5. Trust 6. Technology uncertainty
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**Table #2: An overview of the most relevant empirical research.** Source: own.

Further, definitions, explanations and models mentioned in this chapter will be important to make up the totality of this study. Now, six factors that will be the basis of the suggested framework will be presented as follows: knowledge tacitness, learning intent, knowledge relatedness, partner relationship, culture distance and organizational distance.

### **3.6.1. Factor 1: Knowledge tacitness**

Different dimensions of explicit knowledge versus tacit knowledge play a key role for the level of difficulty of transfer knowledge (Cummings & Teng, 2003; Simonin, 1999). Explicit knowledge that is verbalized, written down or drawn is easy to communicate, share and to transfer. Tacit knowledge was earlier described in this paper by Nonaka and Takeuchi (1995), tacit knowledge that is highly personal, hard to formalize, not easily visible, expressible and difficult to communicate or share with others. When it is difficult to articulate or describe a process within an organization, then the knowledge is perceived as highly tacit. Furthermore, Grant (1996) says that “if most of the knowledge relevant to production is tacit, then transfer of knowledge between organizational members is exceptionally difficult” (p. 114). “Tacit knowledge is often embedded in culture and values therefore the transfer of tacit knowledge that contradicts prior belief of the recipients will encounter resistance” (Inkpen & Pien, 2006, p. 798). According to Simonin (1999), tacitness can make it difficult to learn, and can be a source of conflict or destabilization in an alliance.

Since tacit knowledge is normally more valuable, alliances allow easier access to valuable knowledge, make tighter ties and to learn tacit knowledge, than without any alliance.

Knowledge that is tacit compared with explicit, give greater benefits (Pérez-Nordtvedt et al., 2008). Thus tacit knowledge is recognizably valuable; we have to assume that such knowledge, compared with explicit knowledge is more difficult to transfer. In other words, the easiness of transfer knowledge depends on the type of knowledge being transferred.

### **3.6.2. Factor 2: Learning intent**

Learning intent is one of the most important determinant for the knowledge transfer process (Simonin, 2004). “Learning intent is the major strategic rationale when they collaborate with foreign partners” (Liu, 2012, p. 314). Learning intent is the motivation for individual learning and in a strategic alliance context, it is the organizations desire and will to learn from its partner (Simonin, 2004). Learning intent is described by Hamel (1991), “as the desire and will of an organization to learn from the collaborations” (cited by Liu, 2012, p. 313). Learning intent is the desire, will or motivation for an individual or an organization to learn from its partner.

So what gives an individual or an organization desire or motivation to learn? Earlier we talked about knowledge being viewed as a valuable resource. Pérez-Nordtvedt et al. (2008), found that the main effects on knowledge transfer effectiveness and efficiency are “via recipient learning intent and the attractiveness of the foreign source” (p. 734). Recipient learning intent is the desire of one part to learn from another. When a recipient has lack of motivation to learn, normally that person will be reluctant of accepting knowledge from others, being either passive or reject (Szulanski, 1996). Accordingly to Perez-Nordtvedt et al (2008), knowledge that is viewed as valuable, gives the recipient a desire to absorb such knowledge.

Furthermore, they say that when a foreign source has knowledge that is valuable, rare and non-substitutable, it is perceived as being more attractive in the eyes of the recipient” (Perez-Nordtvedt et al., 2008, p. 734). However, the source of knowledge can have lack of motivation to share knowledge. The source of knowledge “may be reluctant to share crucial knowledge for fear of losing ownership, a position of privilege, superiority; it may resent not being adequately rewarded for sharing hard-won success; or it may be unwilling to devote time and resources to support transfer” (Szulanski, 1996, p. 31). In a knowledge transfer between a cross-border context, attributes of knowledge as a resource from resource-based view play a key role (Pérez-Nordtvedt et al., 2008). Summarized, we can say that the more desire to learn leads to a speedier and more economical knowledge transfer.

When knowledge has a value for the recipient they will have a desire to learn and will facilitate to a more effective and efficient knowledge transfer. Learning intent will therefore be suggested as an important factor for facilitating knowledge transfer in an alliance.

### **3.6.3. Factor 3: Knowledge relatedness**

It is important to have prior experience within the same knowledge domain, in order to use the knowledge that have been transferred to them (Simonin, 1999). Prior experience within same knowledge domain, gives a kind of familiarity and comfort with the information and favor a transferability of such knowledge (Simonin, 1999). In other words, when knowledge transfers in an alliance; “learning is limited by the degree of experience of the knowledge seeker” (Simonin, 1999, p. 601). “When an alliance is created, different partner skills and knowledge create learning opportunities. To exploit these opportunities, they must “appreciate the value associated with the differences in partner skills and knowledge” (Inkpen & Pien, 2006, p. 782). When a significant knowledge distance exists, learning can be difficult, almost impossible and the recipient will be unable to identify the learning steps (Cummings & Teng, 2003). Therefore those firms who have significant common knowledge would understand and apply the knowledge better. Lack of prior knowledge or understanding within the same knowledge domain will not only make knowledge transfer more difficult, but it can result in potential learning opportunities being lost and valuable knowledge not acquired. “In reality, the most valuable knowledge was highly tacit and acquiring that knowledge required deep understanding of the context in which it was developed” (Inkpen & Pien, 2006, p. 782).

Another term for knowledge relatedness is related to absorptive capacity. Absorptive capacity is positive influenced from learning intent, and it decides how much they can learn (Liu, 2012). Absorptive capacity is necessary in order to learn from other partners and to add value to firm. From the research Liu (2012), they found that absorptive capacity helped them to extend their existing knowledge and develop new products. According to Cohen and Levinthal (1990), absorptive capacity is “largely a function of firm`s prior related knowledge” (p.128). A recipient have lack of absorptive capacity when the recipient can`t exploit knowledge learned because they have lack of prior knowledge to better understand (Szulanski, 1996).

When a recipient has prior knowledge within the same knowledge domain they get transferred, the knowledge transfer will most likely be more successful. In other words, for Pertamina employees to learn tacit knowledge they should have prior knowledge within the same knowledge domain to efficiently and effectively get knowledge transferred to them. Having knowledge relatedness will therefore be suggested as an important factor for facilitating knowledge transfer in an alliance.

#### **3.6.4. Factor 4: Partner relationship**

“Relationship interactions allow knowledge to become exposed and transferred” (Inkpen & Pien, 2006, p. 783). The degree of relationship explains whether the relationship between source and recipient is close and based on trust or not (Pérez-Nordtvedt et al., 2008). In order to efficiently transfer knowledge in an alliance, trust is crucial. High level of trust means that they are willing to risk sharing valuable information, and information exchanged will be highly accurate and less comprehensive (Inkpen & Pien, 2006). Furthermore, Liu (2012) uses trust as a moderating effect, and state that “high level trust will eliminate unnecessary safeguard mechanism and encourage the exchange of information between partners and reduce the fear of opportunistic behavior” (p. 317).

The degree of partner’s relationship in an alliance is related to how much they trust each other. High level of trust will let the source of knowledge be open and willing to share and transfer knowledge to their partner. Relationship openness is the ability and willingness to share information and communicate openly (Inkpen & Pien, 2006). “Partnerships built on trust, respect and social capital will support knowledge transfer by the foreign parent” (Inkpen & Pien, 2006, p. 783). It will therefore be assumed that with a good relationship between the partners followed by trust and openness will allow acquiring knowledge that is valuable and this will facilitate for knowledge transfer.

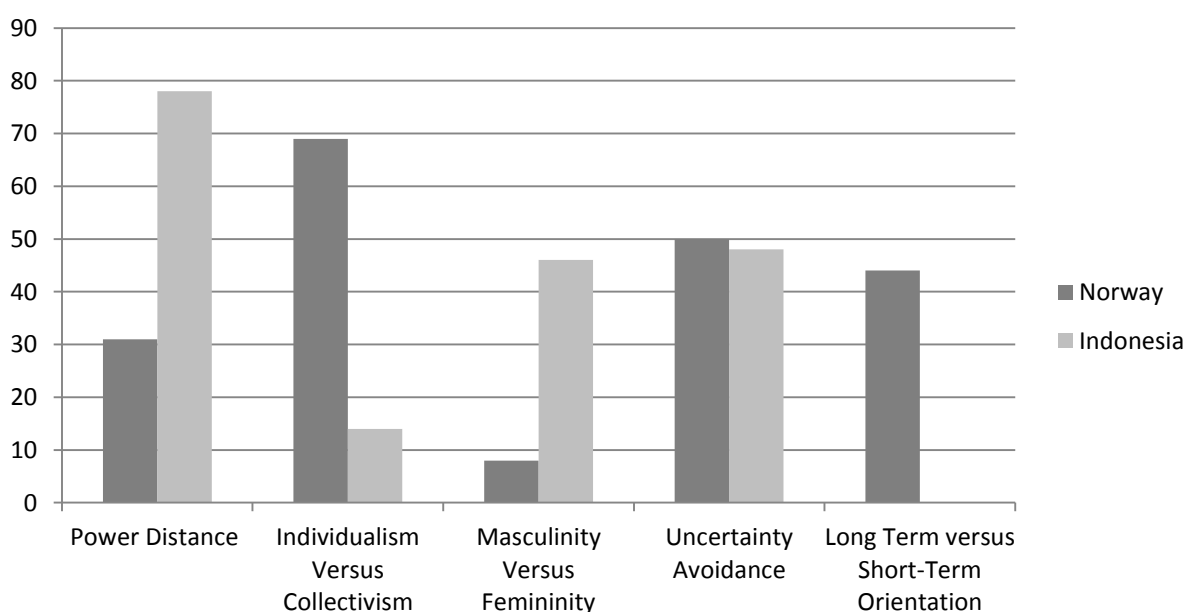
#### **3.6.5. Factor 5: Culture distance**

Culture distance is the degree the persons involved in a knowledge transfer share the same organizational culture and value system (Cummings & Teng, 2003). Having similar cultures, values and common norms will create a better understanding, provide predictability, ensure common approach and at the end result in a good relationship between the knowledge transfer parties. “Culture influence our behaviors, but also the explanations we give for our behaviors” (Hofstede, 2005, p. 264).

Culture distance in an international strategic alliance can create difficulties that forces the managers to use more time on such as communication, design of compatible work routines, and development of common managerial approaches (Olk, 1997). In addition to cultural distance creating difficulties, “it also raises barriers for communicating with partners and for understanding the nature of their competitive advantage (...) language proficiency and alignment between partners dictate the boundaries of communication and knowledge flows”

(Simonin, 1999, p. 602). Cross-cultural distance can accelerate conflict between partners and create barriers of communicating, which can minimize flows of information and learning (Liu, 2012). In other words cross-cultural difference will affect the relationship learning negatively. There is e.g. a cross-cultural difference between Western Partners who tend to be more open in sharing information and communicating easier, while Japanese partners tries to protect their proprietary knowledge using strict rules regarding sharing documentation (Liu, 2012). Accordingly to Mowery et al. (1996), findings show that domestic alliances compared with U.S. firms in an international alliance had higher levels of knowledge transfer, and the key obstacle for inter-firm knowledge transfer is the culture distance between partners. In other words, when knowledge transfer is taking place between an alliance across-nations, culture distance is more likely to exist and can create barriers for knowledge transfer.

These theories identify that culture distance can create obstacles of knowledge transfer, but it doesn't explain explicitly what sub-factors that can give an outcome for culture distance. So, further we need to find some more explanations for which sub-factors that can explain culture distance. Hofstede and Hofstede (2005), have made five dimensions of national cultures differences that can be useful in this research, these are: the power distance, individualism versus collectivism, masculinity versus femininity, uncertainty avoidance and long- and short-term orientation. This research is an extensive research on how values in the workplace are influenced by the culture (Hofstede & Hofstede, 2005).



**Figure #3: National culture dimensions; Norway and Indonesia.** Source: (Hofstede, 2013a, 2013b)

According to Hofstede (2013a, 2013b), the national culture dimension identify 3 out of 5 dimensions that proves to be a difference between Norway and Indonesia, see table #3 above; power distance, individualism versus femininity and masculinity versus femininity. Therefore only these three dimensions will be seen as most relevant according to this study of context; a Norwegian company transfer knowledge to an Indonesian company and vice versa. With use of this three dimensions of Hofstede (2013a, 2013b), we will probably be better to distinguish the national culture distance between Norway and Indonesia..

#### **3.6.5.1. Power distance**

Power distance is described by Hofstede and Hofstede (2005) as “ the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally” (p. 46). With large power distance subordinates are unlikely to confront or contradict their bosses directly, while in small power distance countries “there is a limited dependence of subordinates on bosses, and there is a preference for consultation” (Hofstede & Hofstede, 2005, p. 45). In a context at workplace where the power distance is large, organizations centralize power and divide the power to few persons, and subordinates should do what they are told to do (Hofstede & Hofstede, 2005). Indonesia scores higher (78) than compared with Norway (31) on the power distance index, and in a country like Indonesia; in countries with a high power distance employees expect clear guidelines from the manager and they expect to be told what and when to do the task (Hofstede, 2013a, 2013b). In other words, Indonesians are dependent on hierarchy, where the power is centralized and having unequal rights between power holders. In a small power distance situation, like Norway, the subordinate-boss relationship is considered existentially equal, organizations are more decentralized, the subordinate-boss relationship can quickly make a shift and subordinates expect to be included into decision making activities (Hofstede & Hofstede, 2005).

#### **3.6.5.2 Individualism versus collectivism**

“Individualism pertains to societies in which the ties between individuals are loose: everyone is expected to look after himself or herself and his or her immediate family” (Hofstede & Hofstede, 2005, p. 76). “Collectivism as its opposite pertains to societies in which people from birth onward are integrated into strong, cohesive in-groups, which throughout people`s

lifetimes continue to protect them in exchange for unquestioning loyalty” (Hofstede & Hofstede, 2005, p. 76). Employees in individualist culture will most likely act after their own interest, while employees from a collectivist culture will act of the interest of the group he or she belong to and will most likely usually hire people from families they already know, to reduce risk (Hofstede & Hofstede, 2005). “Indonesia, with a low score of (14) is a collectivist society. This means there is a high preference for a strongly defined social framework in which individuals are expected to conform to the ideals of the society and the in-groups to which they belong” (Hofstede, 2013a).

### **3.6.5.3. Masculinity versus femininity**

“A society is called masculine when emotional gender roles are clearly distinct: men are supposed to be assertive, tough, and focused on material success, whereas women are supposed to be more modest, tender, and concerned with the quality of life” (Hofstede & Hofstede, 2005, p. 120). “A society is called feminine when emotional gender roles overlap: both men and women are supposed to be modest, tender, and concerned with the quality of life” (Hofstede & Hofstede, 2005, p. 120). In feminine cultures conflict is solved by compromise and negotiation and rewarded equality, while in masculine cultures stress results and reward by equity (Hofstede & Hofstede, 2005). Indonesia is a more masculine society with a score on (46) than compared with Norway (6) (Hofstede, 2013a, 2013b)..

With use of Hofstede and Hofstede (2005) and Hofstede (2013a, 2013b), we have been able to identify several sub-factors of national culture distance. In this thesis culture distance will be recognized as the biggest obstacle for knowledge transfer in an alliance when partners origin from different countries. Earlier I talked about difference between developing and developed countries, therefore in this thesis we will assume that the level of culture distance is higher in such a context, when one of the partners is from a developed country and the other from a developing country. Larger culture distance can make obstacles for knowledge transfer; leading the Indonesians employees to get limited knowledge transferred to them during this alliance.

### **3.6.6. Factor 6: Organizational distance**

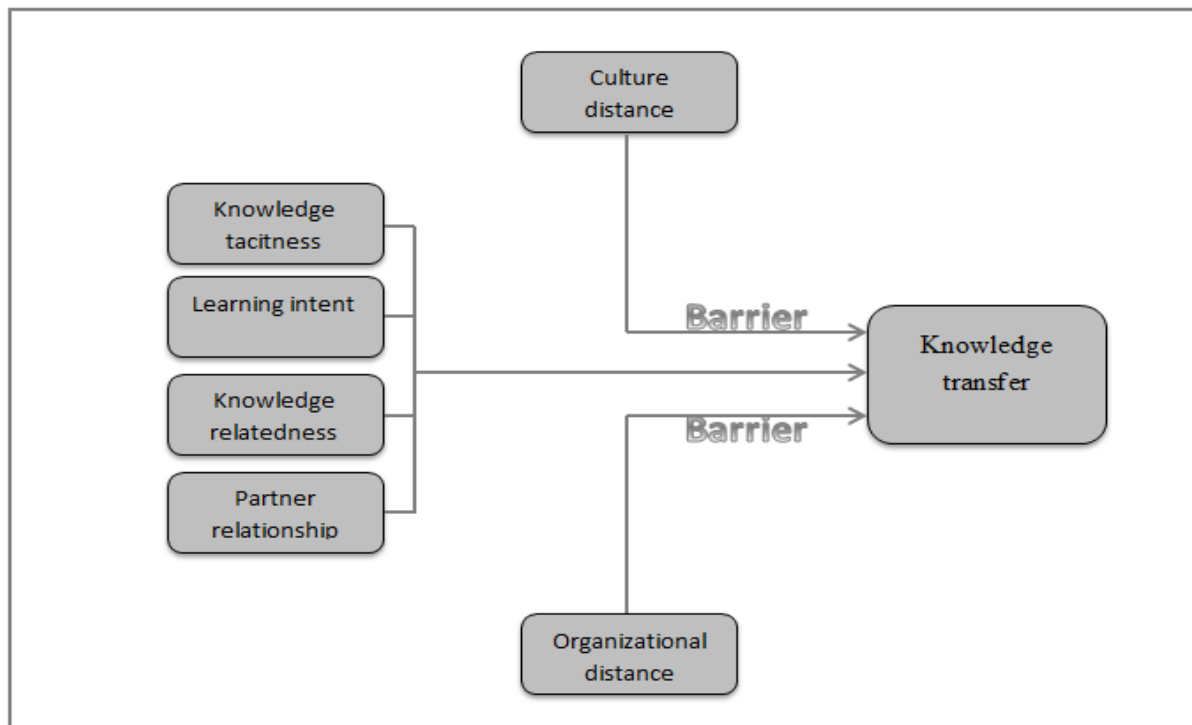
Organizational distance is the degree of how different partners practices, institutional heritage, and organizational culture (Simonin, 1999). The greater organizational distance the greater difficulty of transferring knowledge (Simonin, 1999). According to Hofstede and Hofstede (2005), organizational cultures are different than national cultures e.g. because like in a national culture the members did grow up with it and values are firmly in place, while organizational cultures mainly consist of their practices. Different mix of values and practices distinguish the difference between national and organizational cultures (Hofstede & Hofstede, 2005). When two organizations in an alliance are from two different countries, we assume that the level of organizational distance is higher than those from same countries. According to Cummings and Teng (2003), the level of organizational distance is higher in an alliance compared within the same organization, and social ties, free-flow of communication, consistency in administrative controls, and levels of trust between source-recipient will be greater when the organizational distance is small.

The greater organizational distance and stronger organizational culture between Statoil and Pertamina the more we can assume that it will create an obstacle for knowledge transfer between them. Different routines and practices done by the different partners can make it difficult for them to accept another “way” of learning, and therefore the knowledge transfer will be limited. According to Lavie et al. (2012), organizational routines cannot be easily changed when creating an alliance with partners which follow a distinctive practices.

### **3.7. Suggested framework “knowledge transfer in an across-national alliance”**

This suggested framework outlined below is based on empirical research from the last two decades from general knowledge transfer and knowledge transfer in alliances in different contexts, as shown in this chapter. These empirical researches are based on studies in strategic alliance across organizational boundaries, but can also be common for inter-firm, joint venture, multinational companies and other form of strategic alliance. Six factors have been selected to be most relevant for the purpose of this study. Compared with other studies, this study is done in another context; an across-national knowledge transfer in a specific alliance, and not any other alliance in general. This suggested framework will be a basis for this thesis when collecting data, analyze and discussing. Then we will be able to check if we have support for this framework in regard of the context studying.





**Figure #4: Suggested framework “knowledge transfer in an across-national alliance”.**

Source: own.



## CHAPTER 4 – RESEARCH METHODOLOGY

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A research process should give directions on how to conduct a research project (Hair, 2007). This chapter gives an overview of general methodology and explanations to why I am choosing this methodology. The chosen research approach will be the basis on how to collect primary data and to carry out analysis in this thesis. Furthermore, I will also discuss the trustworthiness of the research.

### 4.1. Development of the research question

The research question describes what will be researched in this study. The main purpose of this study is to be able to answer the research question: “*What facilitates knowledge transfer in an across-national alliance*”? In this research I have studied a specific alliance made between two oil and gas companies: Statoil Indonesia and Pertamina. There have been four strategic alliance partner employees from Pertamina that have had knowledge transfer in the alliance. This has been the main focus in this study. The second aspect will be to include those Indonesians working for Statoil. At last, it would be helpful to get an overall overview from the top management of Statoil Indonesia about this knowledge transfer process. By including Indonesian Statoil employees and the top management will make us able to check if there are similarities or differences between the Indonesians working at Statoil Indonesia and the Pertamina employees in the knowledge transfer process. This will be further explained in the section where selection of sample is done.

### 4.2. Research design

When selecting a research design, it should be the most appropriate approach to answer the research question. Defined by Yin (2009), a research design “is the logic that links the data to be collected (and the conclusions to be drawn) to the initial question of study” (p. 24).

According to Zikmund, Babin, Carr, and Griffin (2010), they distinguish two main different approaches one can use to conduct business research, namely qualitative and quantitative. This thesis will be based on a qualitative approach. Why is that? Today there exists extensive empirical research regarding knowledge transfer in an alliance, but since this is in a new context we can use what is known and at the same time uncover if there is anything new by

using a qualitative approach. Using a qualitative approach will let us explore in-depth, be open and find some contributions to be able to answer the research question. According to Zikmund et al. (2010), the most used design in a qualitative study is an exploratory orientation. It is useful to have an exploratory orientation when it is (1) difficult to make specific problem statements, (2) when a study need to understand a phenomen in-depth and detail, or (3) when a particular situation or event will have effect on their performance (Zikmund et al., 2010).

In this research I will only have access to a small sample and the best method to collect data here will be through interviews, to make a better understanding of how knowledge is transferred. Qualitative research is more subjective than a quantitative research, and focuses on observing, listening and interpreting (Zikmund et al., 2010). In other words, doing a qualitative study will make it possible to use the data received to interpret opinions and convert this into useful information. A qualitative research is less structured and gather data that are textual, visual or oral (Zikmund et al., 2010). At last, a qualitative study with an explorative orientation allows the researcher to explore in-depth and other topics that may arise during the interview that could be relevant for the study. So I can conclude that this thesis will be based upon a qualitative study with an explorative orientation.

#### **4.2.1. Case study**

There exists several different categories of a qualitative research, mainly: phenomenology, ethnography, grounded theory – inductive investigation and case studies (Zikmund et al., 2010). A definition of a case study by Yin (2009), “a case study is an empirical inquiry that investigates a contemporary phenomenon in-depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident” (p. 18). In this research it will be most relevant and appropriate to use a case study. In order to investigate the research question objectives like “how” do they transfer and “why” is there a transfer made will be important. According to Yin (2009), when “ type of research questions being asked “how “ and “why” questions are more explanatory and likely to lead to the use of case studies (...) as a preferred research method” (p. 9). Using a single case study of Statoil Indonesia with three units/groups of analysis allows me to go in-depth into how knowledge is transferred from Statoil perspective (source / senders view) and to Pertamina`s (recipients view) and also those Indonesians at Statoil (recipients view) that are not involved in the alliance. Then I will

be able to identify possible difference in the perception on how knowledge is transferred to those two groups. One of the advantages of case study is that the researcher can go in-depth (Zikmund et al., 2010).

Furthermore, there are five different rational for a single case accordingly Yin (2009). I will emphasis on using a rationale that represents the critical case. This means testing well-formulated theories that are believed to be true which have been explained in chapter 3. My case study will be used to test, confirm, challenge and determine whether propositions are correct or new findings can be discovered. In other words, if there is a need to extend the theory.

Even though case studies give several advantages, we have to be aware of its prejudices (Yin, 2009). Such prejudices is lack of rigor and biased view influencing the findings and conclusion, difficult to scientific generalize, or case studies can be too time consuming and lead to unreadable documents. The weakness and the realiability of this method will be further discusses in the section related to trustworthiness of the research.

### **4.3. Data collection**

Accordingly to Yin (2009) in a case study, there are six main sources to collect data: documents, archival records, interviews, direct- or participant-observation and physical artifacts. The main source of collecting data in this thesis will be done through in-depth interviews. Interviews are especially useful gathering data “when dealing with complex and/or sensitive issues, and when open-ended questions are used to collect data” (Hair et al., 2007, p. 198). Yin (2009) recommend that you should use multiple sources when gathering data. The data collected will be through interviews, while the secondary data is data that are already registered by other researchers. There are not much secondary data to collect that is available at the time of writing this thesis, and therefore it should be emphasized that most of the data collected will be primary data by making in-depth interviews.

#### **4.3.1. Primary data – face-to-face in-depth interview**

With respect to my research question and research design, and the limited access of secondary data I will chose to collect primary data by interviews. There are several ways of conduct an interview. Interviews can be made face to face, via the telephone or using media such as chat

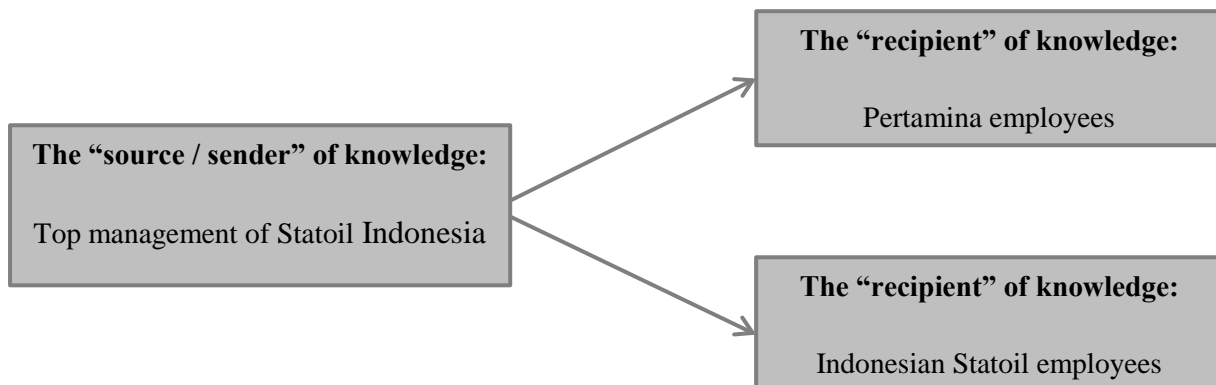
rooms, Skype and other media provided by Internet services (Farquhar, 2012). On the basis that neither the interviewer nor the interviewees has English as a native language, the level of potential misunderstandings with telephone interview can be higher than conducting it face-to-face. I have therefore chosen to conduct the interviews face-to-face. I believe I will have a better opportunity to read the body language and to resolve any potential misunderstanding in the questions and answers. According to Hair (2007) “interviews enable the researcher to obtain feedback and to use visual aids if the interviews are face-to-face (p. 196). This will not be possible if conducting e.g. telephone interviews. Furthermore, I will also be able to exclude any disturbing factors: an interviewee can in theory do other activities next to the telephone interview and not focus on what’s being asked. Having a face-to-face interview can therefore obtain high quality on the information collected, because you and only you have the interviewee’s attention. This can we only assume to achieve when the interview is taking place at a neutral place and we are being undisturbed. I will have access to a Statoil meeting room when conducting the interviews, making me able to obtain high quality information.

In a case study, the most important source of gathering data is from interviews, and can be classified into three different case study interviews: formal survey, focused interview and in-depth interview (Yin, 2009). I will choose to perform face-to-face in-depth interviews, because it will best answer the research question. A definition of in-depth interview by Hair (2007); “is an unstructured one-to-one discussion session between a trained interviewer and a respondent” (p.201). Going in-depth allows me to explore in detail about the topic. An in-depth interview is the less structured one, which allows the researcher a free and open discussion, and explore in depth (Hair, 2007). Questions when performing an in-depth interview can e.g. ask respondent about opinions, facts, insight in a special occurrences and so on (Yin, 2009). Having less structured interviews will not only identify factors from the framework, but also create discussions and lead them into new topics that can be highly relevant for the research question.

#### **4.3.1.1. Sample - face-to-face in-depth interviews**

In this research I will use a case study with three groups of analysis (1) top management of Statoil, (2) Pertamina employees and (3) Indonesian Statoil employees to best answer the research question and to get different perspectives from both the source and recipients of knowledge, see the figure below. Using three groups will make me able to collect information

from both sides of the alliance, and as well compare with those Indonesians working for Statoil, to identify similarities or differences. The most relevant sample within these groups will be selected. The purpose of sampling is mentioned by Silverman (2005), “is usually to study a representative subsection of a precisely defined population in order to make inferences about the whole population (...) such sampling procedures are, however, usually unavailable in qualitative research” (p. 127).



**Figure #5: Three units of analysis.** Source: own

In order to make a strategic selection of the sample, I had telephone and e-mail conversations with Tor, President Director of Statoil Indonesia ahead of the interviews. He became an important key informant for me to gain insight into whom it was most relevant to interview and initiate access to respondent would have been difficult without his help. According to Yin (2009), “key informants are often critical to the success of a case study” (p. 107). The sample has been strategically selected with help from my key informant.

Eight in-depth interviews will be conducted with seven respondents. Those seven respondents are selected on the basis that they best represented each group. The selected respondents are persons that have been involved in the knowledge transfer and have been one of those worked longest for Statoil and Pertamina. These respondents are seen by the researcher to give important perspectives that will help to elaborate and clarify my investigation. It will be conducted two interviews with Tor, President Director of Statoil Indonesia. He will be the first and last being interviewed to get an introduction about the purpose of the alliance and the last interview to explore findings that potentially were made unclear by other respondents. Each in-depth interview will be conducted one-to-one and face-to-face in Jakarta, Indonesia.

As mentioned earlier, this is done to prevent any misunderstandings or interference when the interviews are conducted. For more detailed information about the selected respondents, see table under.

Top management at Statoil Indonesia					
Gr.	Company	Name	Position	Nationality	Subordinates
1	Statoil Indonesia	Tor	President Director	Norwegian	45, both nationalities
	Statoil Indonesia	Deborah	Exploration Manager	Norwegian	13, both nationalities
	Statoil Indonesia	Arne	HSE Manager	Norwegian	4 Indonesians
Knowledge transfer from Statoil Indonesia to group 2 & 3					
Gr.	Company	Name	Position	Nationality	Supervisor
2	Statoil Indonesia	Edo	Senior Geologist	Indonesian	Deborah
	Statoil Indonesia	Paulus	Senior Geophysicist	Indonesian	Deborah
3	Pertamina	Arif	Exploration Manager	Indonesian	Deborah & Tor
	Pertamina	Dicky	HSE Coordinator	Indonesian	Arne

**Table #3: List of the in-depth interview respondents.** Source: own.

#### 4.3.1.2. Designing interview guides

Different interview guides will be made for each of the three groups and will to some extent be followed during all of the interviews. Instead of other rigid data collection interview is rather a less structured form of data collection and will be done by guided conversations (Yin, 2009). Each group is different and need adapted interview guide in able to acquire as much data as possible. The will be performed two interviews with the President Director of Statoil Indonesia, and since the purpose of the two interviews are different, two interviews guide will be made here. So in total five interview guides will be made, however with several similar questions. A table below gives an overview of the interview guides.



Part	President Director Statoil Indonesia	The rest of the top management	Pertamina & Indonesian Statoil employees	Follow-up interview
1	What knowledge and how was it transferred internally and externally		What knowledge and how was it transferred	Interview guide questions made at the end that was of relevance
2	Introduction of the alliance	Exploring relevant factors		

**Table #4: An overview of the interview guides.** Source: own.

As the table shows, part 1 will mainly consist of the same questions regarding how the top management perceive the knowledge transfer to the two groups (overview) and how each of the employees respondents perceive their own knowledge transfer experience. Part 2 will be the same for everyone except for the President Director of Statoil Indonesia. This part will try to reveal factors from the theoretical framework. The top management of Statoil Indonesia will give an overview of the relevant factors for both of the Indonesian groups, while the employees will only be asked about their own experience. Part 2 in the first interview guide with Tor will make an introduction to the alliance; the purpose of the alliance and if it has been achieved. The last interview guide “follow-up interview” with Tor, the President Director of Statoil Indonesia will be made after all of the interviews taken in able to make relevant question I would like to probe more in-depth, that was not made clear by the other respondents. Since some of the respondents have their native language in Norwegian those interviews will be carried out in Norwegian, while the rest will be carried out in English. All the interview guides thereafter will be translated to English. The interview guides are included in the appendix.

The interview guides will consist of open questions, so the interviewees can talk freely about their opinions. The interviewees need to be encouraged to talk about the subject of the research freely (Farquhar, 2012; Zikmund et al., 2010). Even though an interviewee follows an interview guide in order, an investigator should be flexible and adaptive to have an opportunity to find something unexpected (Yin, 2009). Having open questioning will allow me to be open for new findings. Don't prejudice, instead be open and unbiased and ask open-ended question (Yin, 2009). The interview guides will be followed as long as possible, but when needed there will be asked follow-up questions like “why” to probe further. Probing questions are critical through this process (Zikmund et al., 2010). Probing is when “a

researcher delves deeply into a response to identify possible hidden reasons for a particular behavior” (Hair et al., 2007, p.201). In other words, asking “why” questions. Trying to be a good listener will make me able to read between the lines and asking “why” questions when something is unclear. According to Yin (2009), only experienced investigators can make an advantage of unexpected opportunities during the interview, and to do so you need to be a good listener, ask good questions, interpret the answers and be able to read between the lines. At last, the interviewer will avoid suggesting factors that the researcher believes are correct. This is done to avoid any guiding answers from the respondents.

#### **4.3.2. Secondary data**

Gathering of secondary data in this research will be used to get an insight in the strategic alliances between Statoil Indonesia and Pertamina, oil and gas industry in South-East Asia and as well for development of the interview guides. The data will be retrieved from several different sources such as reports, newspaper articles and web pages before the interview guides will be designed. I will be careful using secondary data, and as Farquhar (2012) puts it, a researcher “needs to be assured of the credibility and quality of secondary data just as much as primary data” (p. 78). This data collection will not be further used in analyzing the research question, but as a help for designing the interview guides and will not be further discussed.

#### **4.4. Data analysis**

After carrying out in-depth interviews we can start to analyze the collected data. According to Yin (2009), a data analysis “consist of examining, categorizing, tabulating, testing, or otherwise recombining evidence, to draw empirically based conclusions” (p. 126). Some of the same view have Hair (2007), where states that “the objective of qualitative data analysis is to identify, examine, compare and interpret patterns and themes” (p. 291). Based on these statements, I will divide the analysis process into four steps: transcribing, coding, categorizing and data reduction, and combine. The result of this process can be found in the next chapters: 5, 6 and 7.

#### **4.4.1. Transcribing**

Next to the field notes from the interviews being taken, I will be able to use a digital audio recorder for support. This will be very helpful in making the transcribing of all the interviews more accurate. A use of such a device will provide “more accurate rendition of any interview than any other method” (Yin, 2009, p. 109). The interviews spoken in the mother language, Norwegian, will not only be transcribed but fully translated into English as well. Transcribing is a very time consuming process, but this process will allow me to gain good insight into the data collected, and helps me to get better started with the analyze. Before analyzing the data a researcher first need to familiarize with the data collected (Farquhar, 2012).

#### **4.4.2. Coding**

Coding allows the researcher to make simple characteristics of the data to better understand what have been collected (Hair, 2007). The goal of coding “is to manage the data to capture what is important with reference to your research objectives” (Farquhar, 2012, p. 92). After being familiar with the data collected through transcribing, then is it important to code. This is important, because without coding, it will be difficult to understand the data collected in any meaningful way (Farquhar, 2012; Hair, 2007). I will start the coding process with highlighting those words or special phrases that is regularly repeated to see what importance it will have to my research objectives. This also, will let me discover new findings that I am not expected to find. When selecting coding units e.g. words, phrases, themes or more visual items such as pictures e.g., the researcher will be able to check if the units chosen are present in the data collected, and eventually how many times it appears (Hair, 2007). This coding process let me to better being able to do the next process; data reduction and categorizing. With this coding process you can create links to the data and to the research topic and it will be easier to organize and categorize the data (Hair, 2007).

#### **4.4.3. Categorizing and data reduction**

Data collected needs to be organized to do analysis properly and in such a process this will also involve data reduction. According to Hair (2007), “data reduction involves selecting, simplifying and transforming the data to take it more manageable and understandable” (p. 292). So when focus on organizing the data, it is important to reduce data that is irrelevant and only emphasize on what is relevant in order to categorize the collected data. All the data that

will be collected will be gone thoroughly to make sure that only relevant information stays in the further analyze process. According to Yin (2009), in order to have an analysis of high quality you should focus on the most important aspects of your study. Information that is not relevant for my research question will be disregarded.

Each of the transcribed documents will have answers that are sorted by those questions asked. However, since this a qualitative study with in-depth interview, I expect the respondents will elaborate more than the specific questions, and even discover new findings. Therefore, will I organize the data collected with respect to the content and not the questions.

After organizing the answers by content, data will further be divided into different categories related to the objectives of the study. First, data related to the purpose of the alliance and if it has been achieved, will be categorized in one group. Secondly, data related to the six factors suggested by the theoretical framework in chapter 3, is organized factor by factor. At last, factors or data that are not explained by the theoretical framework and proves to be relevant for the study will be categorized by its content.

Each category will be put in separate tables in one document, so that only data that is relevant to the study is further analyzed. The phrases or words that are highlighted and shown to be repeated by the respondents will be given higher priority when being put in categories, to capture the main findings. To identify the comments they will be marked with their first name, profession and which organization they work for.

#### **4.4.4. Combine**

Combining is described “by organizing the information in a way that facilitates drawing conclusions (Hair et al., 2007, p. 293). Most of the categories will have statements from all the three different groups, here it will be important to combine those perspectives to make conclusions. The factors will represent different views, and can be divided into groups, like view from Statoil versus view from Pertamina, view from Norwegians versus view from Indonesians and so on. This is done to make linkages and compare different groups, if there are similarities or if it is perceived differences. Furthermore, combining helps the researcher to identify linkages from the organized information and “develop explanations that relate their findings to existing theory” (Hair et al., 2007, p. 293). Due to the different background and views from both source and recipients, I will be able to make linkages and make comparison.

#### **4.4.5. How the data collection process have been carried out**

There have been conducted eight face-to-face in-depth interviews, where each interview had a timeframe of between 1 to 2 hours. There have been no changes in the chosen respondents mentioned in table #3 that represent the three different groups. During the period I was located in Jakarta, Indonesia, I also tried to get a larger sample, but that proved to be difficult because the other employees who could be relevant had been relocated to other cities.

The interview guides were followed as closely as possible. All of the respondents were very eager to talk about knowledge transfer and most questions were answered. The reason why a few questions were not answered could be; respondents did not have any relevance and/or information of what was being asked, or language difficulties prevented some understanding of terms even when explained, so it could be difficult for the respondents to explain accurately. Since they were talkative, several questions were answered at one time and were noted by me to make follow-up questions at a later point.

Because of the respondent's enthusiasm, interviews lasted longer than expected and made me discover something that I had not expected to find. This would not have been the case if the interviews were not flexible and letting the respondents speak freely, to some extent. Bearing in mind that the interviews were conducted well and successfully, it was possible to make them representative for analyzing and developing a final framework. After the interviews and the transcribing was done, the analyze process took place, exactly like describe above.

#### **4.5. Criteria for judging the quality and trustworthiness of the research**

After data collection and analysis, the last phase in a research study is to draw conclusions that can help answer the research questions, and verify their accuracy (Hair, 2007).

Accordingly to Hair et al. Hair (2007), verifying "means checking and re-checking the data so the researcher can be sure that the conclusions are valid, realistic and supportable" (p. 294). In other words, I need to make sure that quality and trustworthiness will be followed thoroughly the research process. The quality of an empirical research and as well as case study design can be maximized when making sure of constructing validity; internal validity, external validity and reliability (Yin, 2009). In order to make sure this research will be trustworthy; I will therefore discuss validity and reliability related to the primary data collected.

#### **4.5.1. Reliability**

Consistency is important to understand reliability and it is measured when several attempts are made to measure a study, and the result will be the same (Farquhar, 2012; Hair, 2007; Yin, 2009; Zikmund et al., 2010). On other occasion, the degree of consistency can be if e.g. that the researcher take “similar observations and interpretations at different points in time” (Hair et al., 2007, p. 297). According to Stenbacka (2001), “basic reliability issue concern a measurement method’s ability to produce the same research over and over again”, but when using a qualitative research measurement method is irrelevant (p. 552). In a qualitative research the concept of reliability is not only irrelevant, but even misleading (Stenbacka, 2001). Accordingly to Stenbacka (2001), “if a qualitative study is discussed with reliability as a criterion, the consequence is rather that the study is no good” (p.552). Making sure that the researcher has made description throughout the research process will enable intersubjectivity and indicate good quality (Stenbacka, 2001).

I will make interview guides with open questions, and will be followed as long it is possible. Even though same interview guide is followed by a second researcher, it is not likely that respondent will answer exactly the same during an in-depth interview. There can be several reasons why research is not reliable; I will focus on those reasons in content of collecting data through in-depth interviews. According to Yin (2009), “the goal of reliability is to minimize the errors and biases in a study” (p. 45). Below I have identified some errors and biases that I believe influence the reliability:

- Interview guide will consist of open questions that will allow them to speak freely. The chance for a respondent to answer exactly the same in such question twice is not likely to happen, and is not a purpose with a qualitative study. Further, there will be follow-up questions; these will be asked in regard of the outcome of information gathered during the interview. Because of the flexibility is it difficult for a second researcher to ask the same follow-up questions and at the same time. Further, the quality of the interviewer varies, makes them get different outcome of how they open the interviewee and manage to read between the lines. According to Yin (2009), only experienced investigators can make an advantage of unexpected opportunities during the interview. This will be the first time conducting in-depth interviews, so the skills to make interviews will be acquired during this research. Further, I have only basic skills about the oil and gas industry, so when technical terms are mentioned during an

interview, I will need to ask follow-up question if I believe it will be relevant for this study.

- A researcher can look differently at the same answer, because they are subjective. Qualitative research is subjective, different researchers can have different conclusion even when it is based on the same interview (Zikmund et al., 2010).
- If conducting the same interview twice, each respondent can react differently each time. Because respondent can e.g. be hungry, exhausted, tired or just lack of interest, and therefore be more negative or reluctant to focus and answer truthfully. Some of the interviews will be conducted early in the morning, while the rest in the afternoon. I have to be aware of this when analyzing the data.
- When both partners of an alliance are asked questions, I believe it can create difficulties getting the “truth” from the respondents. Important information can be held back from the researcher. Or, Indonesian respondents can be reluctant to share information, they can be afraid to tell the “truth”, because in countries where power distance is high they will be afraid of “disobey” their manager or organization. When developing an interview guide this has to be kept in mind, only ask question that I as a researcher believe I can get a truthfully answer from.
- Other errors can be that respondent misunderstand questions asked or that the interviewer misunderstand the respondents answers. Therefore questions will be made as clear as possible to minimize risk for misunderstandings. When use of special term it will be important to have several explanation of this ready, e.g.; knowledge, knowledge transfer and so on.

#### **4.5.2. Validity**

Hair (2007), validity “involves assessing the extent to which the conclusions that have been drawn are logical, believable, justified by the data and patterns identified and supportable even when there are alternative explanations” (p. 294). I will have a key informant, Tor that will be interviewed twice. The last interview will be conducted with him, after I have made an overview of the data collected from the respondents. This will make me able to confirm

and/or explore more into those subjects which are not clear. To construct validity in a case study, researchers should make a consistent and systematic process in order to be accurate by using several sources of proof, make documentation of their fieldwork, make procedures for analysis and let others such as key informants to review and confirm the draft of the report made from the case study (Hair, 2007; Yin, 2009). The process of analyzing data collected in this thesis will be done before the analyze process actually will take place. We can divide validity into internal and external validity (Yin, 2009).

#### **4.5.2.1. Internal validity**

The theoretical framework developed in chapter 3 is based on previous valid theory to show accuracy and that the research is valid. According to Hair (2007), in a qualitative research validity measure how accurately the phenomena is being studied. When data is collected, the findings will be organized and compared with the framework developed from valid theories. In a case study validity can be measured by comparing the result of the findings and the researcher's predictions (Hair, 2007).

During the research I will be open and critically investigate the data collected, to check and re-check that the data measures what I am supposed to measure. Internal validity focus on showing that the findings made by the researcher have been making critically investigation of the data and ruled out any possible explanation that have effect on the findings (Farquhar, 2012). If you do coding, create pattern matching, show how data was analyzed, build explanation, confront rival explanations and use of logic models the researcher can improve the internal validity (Farquhar, 2012; Yin, 2009).

#### **4.5.2.2. External validity**

One of the biggest barriers to case studies is the external validity problem of knowing that the researcher's findings is possible to generalize to other case studies or not (Yin, 2009). Further Yin (2009) explain that in an analytic generalization tries to generalize the result with some broader theory, and therefore the tactic in a single case is to use that theory. The main purpose of this study is to research what facilitates knowledge transfer in an across-national alliance. And can to some extent be guiding for other knowledge transfer that are from an across-national context.



#### **4.6. Summary**

In this chapter, I presented that my research approach will be based on a qualitative single case study design with three units/groups of analyze, in order to answer my research questions. This research is based on a mix of previous theory and what I as an author believe is relevant for this study. Furthermore, I explain that data collection will be taken from in-depth interviews and how the interview will be done and with whom. I ended my chapter with explaining the importance of reliability and validity in order to achieve quality and trustworthiness in the research.



## CHAPTER 5 – FINDINGS

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The main purpose of this thesis is to develop a final framework for the following research question: “what facilitates knowledge transfer in an across-national alliance”? In order to do so, this chapter will be reporting findings from my data collection with quotes and comments that are relevant for answering the six objectives of this research, mentioned in the introduction chapter.

Followed by a short introduction, the first section will answer questions about the purpose of the alliance; whether it has or not been achieved and what kind of knowledge that has been transferred through the alliance. The second section will look at how knowledge was transferred and how the different groups perceived the transfer. The third section presents findings that are directly linked to factors that facilitate knowledge transfer, and factors that create barrier for knowledge transfer. And at last, I will reveal findings that seem to have been a contributing factor to the development of the final framework.

### 5.1. Introduction

There have been performed eight face-to-face in-depth interviews, with seven different respondents. See the table #3 above for more information. The respondents can be divided into three groups: (1) Top management of Statoil Indonesia, (2) Indonesian Statoil employees and (3) Pertamina employees. The main focus has been directed towards group 1 and 3 since they are directly related to the alliance. Group 2 will affirm differences or similarities in the knowledge transfer.

It is important to bear in mind that all the respondents with the title “employees” here are Indonesians, while all of the top management mentioned here are Norwegians. The respondents did represent a mix of different nationalities and positions at Statoil and Pertamina, and made it possible to get very different points of views regarding their opinions and their perspective about the questions asked. In some cases it was not possible to ask group 2; Indonesian Statoil employees, because they were not related to the alliance.

Earlier, I have mentioned that there were two out of four Pertamina employees that were not interviewed. These two Pertamina employees have however, been included in the respondents statements and in this analysis. They are held anonymous, and are referred to as: Pertamina

employee #3 and Pertamina employee #4. These names will be used throughout the rest of the thesis.

## **5.2. Purpose of the alliance**

The main purpose for both of the partners was to create business opportunities together.

*“The intention from both of us was to build a relation in expectations that there were a business opportunity in this partnership” (Tor, President Director of Statoil Indonesia).*

This was not achieved; the exploration in the Karama block license ended in January 2013 without any significant findings of hydrocarbon. That was the main reason why the partnership ended.

*“So far the only cooperation we have done is on the partnership agreement in Karama Block and it ended in January 2013 when we finished our exploration in the three wells without finding significant hydrocarbon. But we are still open for future partnership if we will have a concrete business opportunity” (Tor, President Director of Statoil Indonesia)*

However, there were several other reasons why an alliance was made. Let us take a look at this, first if the purpose to Statoil was achieved.

### **5.2.1. Statoil Indonesia`s purpose**

The secondary purpose for Statoil Indonesia was not achieved. Statoil Indonesia secondary purpose was to acquire knowledge about how to do business in Indonesia and about its geology through Pertamina. The reason why this purpose was not achieved was Pertamina`s lack of knowledge, and the President director of Statoil Indonesia emphasized that it was not a result of them being reluctant to share. However, Pertamina did get something back to Statoil in return; they were able to give them necessary government contacts that could be useful for Statoil at a later time. This was not a purpose of the alliance for Statoil, but became one of the few outcomes of the alliance, and was given by the Pertamina employees.

Purpose for Statoil:		Not achieved	
		Statement from Statoil	Statement from Pertamina
S E C O N D A R Y	The intention for Statoil Indonesia was to gain knowledge how to make business in Indonesia and about their geology, there are normally no one better to learn from than those coming from Indonesia itself like Pertamina.	“Pertamina didn’t have much experience and knowledge being an operator, except being operator onshore. Normally they should have had the most knowledge about their country and geology, but that was not the case with Pertamina. But it has to be said that, it wasn’t that Pertamina weren’t willing to share knowledge, but they really didn’t possess such knowledge” (Tor, President Director of Statoil Indonesia).	“When the first time I come to Statoil I had to present to them about Pertamina organization and the culture in Pertamina, but also about Indonesian culture. And they also ask about the activity of Pertamina. I told it openly” (Dicky, HSE coordinator, from Pertamina).
	When making a partnership with a state-owned company you can create a better foundation when you enter a new country, than if you don’t cooperate with a state-owned company” (Tor, President Director of Statoil Indonesia).	“We as an organization have given more than we have received” (Arne, HSE manager of Statoil Indonesia).	
		“It have been useful for us the government network given from Arif and Pertamina, so through this work we have expanded our network with the Government that we can later use actively” (Tor, President Director of Statoil Indonesia).	“We gave Statoil our experience with relationship with the authorities, who to communicate with the government” (Arif, Exploration manager, from Pertamina).

### 5.2.2. Pertamina`s purpose

The agreement between Statoil Indonesia and Pertamina was to have four Pertamina employees learn technical knowledge about deep-water exploration from Statoil. This has been achieved in the following manner; three of the Pertamina employees have improved their technical knowledge significantly after working for Statoil, and they have participated throughout the process. The third purpose was that the technology knowledge and Statoil`s work method were supposed to be transferred through “on-the-job-training”. This has been achieved, and the respondents taken part of the transfer agree on this.

The fourth and last purpose for Pertamina was to learn how a former state-owned company like Statoil has and does organize, which systems are established, and which government processes they have. This have been transferred to all of the Pertamina employees and also been further transferred to the Pertamina organization.

Purpose for Pertamina:		Achieved	
		Statement from Statoil	Statement from Pertamina
S E C O N D A R Y	We made a joint operating agreement; that Pertamina was supposed to have four employees in our organization were we would transfer technology knowledge about exploration in deep-water. This was the first time Pertamina did exploration in deep-waters and wanted to acquire such knowledge. (Tor, President Director of Statoil Indonesia)	“In general I believe that Pertamina have learned how to do exploration in deep-waters and frontier exploration. Pertamina employees #3 and #4 learned much technically” (Deborah, Exploration manager of Statoil Indonesia).	“After Pertamina employee #3 went back to Pertamina I saw that he has improved significantly technically. Same did Pertamina employee #4 and the rest of Pertamina employees. They could bring this extra knowledge into Pertamina organization” (Arif, Exploration manager, from Pertamina).
		“Pertamina employees have done technical work. Through this they have gain knowledge and training in the work method they use and the tools” (Tor, President Director of Statoil Indonesia).	
		Those four working for Pertamina have joined us throughout the	

		whole process” (Tor, President Director of Statoil Indonesia).	
T E R T I A R Y	“The agreement was through on-the-job-training Pertamina employees would have access to our work methods, procedures, technology, use of technology, through practical participating in the license from A to Z” (Tor, President Director of Statoil Indonesia).	“Through on-the-job-training Pertamina employees got access to our work methods, procedures, technology, use of technology, through practical participating in the license from A to Z” (Tor, President Director of Statoil Indonesia).	“We got almost 40 presentations from experts, according to the learning program. In Norway I had to supervise safety activities by “on-the-job-training”, we discuss what we do. I learned most the 9 months when I was in Norway” (Dicky, HSE coordinator, from Pertamina).
Q A U T E R N A R Y	“The former experience Statoil had as being a state-owned small company in 1972 to build what we have today was interesting for Pertamina. Since Pertamina is a state-owned company they wanted to learn how we organized, which system we have established, government processes and further on” (Tor, President Director of Statoil Indonesia).	<p>“We can observe that Pertamina have learned something from us. I know for sure that our procedures have been successfully transferred to Pertamina. They take use of this now” (Tor, President Director of Statoil Indonesia).</p> <p>From Arif perspective I will say he didn’t get that much training and knowledge transferred from us, compared with those three others. But he learned something about our organization and how to be part of a partnership” (Deborah, Exploration manager of Statoil Indonesia).</p>	<p>I learned that Statoil employees never keep the job for himself, there is no “superman” in Statoil, and they can just open the standard operating procedures” (Dicky, HSE coordinator, from Pertamina).</p> <p>“I learned how to do teamwork, culture, human relationship and implementation of standard operation procedures” (Arif, Exploration manager, from Pertamina).</p>

We can summarize that except Arif, the other three Pertamina employees did get technical knowledge transferred to them. The reason why Arif did not get technical knowledge to him were as follows; (1) when Arif started work in Statoil his technical expertise could not be used since this technical work was already done, (2) Arif got a position as an exploration manager for Pertamina stationed in Statoil Indonesia. He had a difficult position as a middle-man between Statoil Indonesia and Pertamina that was a result of him using much of his time being in contact with the government.

*“I did not learn much about the technically exploration, because when I came to Statoil the exploration phase was done” (Arif, Exploration manager, from Pertamina).*

*“I used Arif as a middle man to have most of the contact with Pertamina (Tor, President Director of Statoil Indonesia)*

*“Arif learned how difficult it is to have his position, he learned to know what forms that need to be filled out and contact with the government, but this he learned by himself” (Deborah, Exploration manager of Statoil Indonesia).*

Even though Arif did not learn technical knowledge, all the Pertamina employees seem to have learned the organizational knowledge such as systems, standard operating procedures and government processes. Overall most of the respondents involved in the alliance agreed that both technical and organizational knowledge has been transferred to the Pertamina employees. If this knowledge has been further transferred from the Pertamina employees to their Pertamina organization will be elaborated later

### **5.2.3. Comparison: what did Indonesian Statoil employees learn**

Regarding those Indonesians working at Statoil Indonesia, all the respondents involved agreed that both technical and organizational knowledge was learned.

*“We are quite technical focused in regard of transfer knowledge. Except the technical they have learned to give feedback, neat, being organized, better communication in English and being more self-confident.” (Deborah, Exploration manager of Statoil Indonesia)*



*“I have learned a lot of technical aspects; this is the first company I know that has a strong belief in technology” (Paulus, Senior Geophysicist of Statoil Indonesia).*

*“The Indonesian on my team learned about HSE, and directly about the drilling rig, how to use the drilling equipment” (Arne, HSE manager of Statoil Indonesia).*

There was no significant difference from the Indonesian Statoil employees and the Pertamina employees in regard to the kind of knowledge that was learned.

*“Pertamina employees have been involved in everything as others Statoil employees” (Tor, President Director of Statoil Indonesia).*

The only difference was that the Pertamina employees for the most learned technical knowledge that was related to the partnership agreement for the Karama block license, while Indonesian Statoil employees had more access to information and knowledge.

#### **5.2.4. Only access to knowledge related to the partnership**

Even though Statoil has been open and have transferred knowledge to Pertamina, the top management agree that they have been reluctant to share or transfer knowledge that is not related to the Karama block license. However, Pertamina employees felt included and got access to information like others. In other words, the top management meant there should be no reason for the Pertamina employees to be able to learn less than the Statoil employees.

*Everything related to Karama block was made available for the Pertamina employees. We were quite open I will say. Pertamina employee #4 was given the same training and opportunities to learn as the Statoil employees got” (Deborah, Exploration manager of Statoil Indonesia).*

*“I got access like other Statoil employee, but it is limited within my area of work regarding Karama block related to HSE” (Dicky, HSE coordinator, from Pertamina).*

### **5.2.5. Competitive knowledge was kept tight**

In general the knowledge that was not shared to the Pertamina employees was either valuable or gave Statoil a competitive advantage, or was not legally possible to share because of other partnerships.

*“Business interest that was related to other licenses was not shared with Pertamina employees. Accordingly to partnerships we have made with other partners than Pertamina we would break the contract if we would have shared this information with other license partners. So juridical we can’t do anything about that” (Tor, President Director of Statoil Indonesia).*

*“In general the most secret knowledge for Statoil is new prospect. Where do Statoil want to go, what we working on. Until we have made sure that we gotten a block/license or prospect we are careful to share information what we are doing, and that information is tight” (Arne, HSE manager of Statoil Indonesia).*

### **5.3. How was knowledge transferred from Statoil Indonesia**

Now that we have identified that most of the employees have learned technical and organizational knowledge, we can look at how this was transferred. The most recognized method of knowledge transfer was through on-the-job-training. Technical knowledge that I interpret as tacit knowledge was transferred through on-the-job-training. The term hands-on-learning, learning-by-doing, learning-on-the-job and on-the-job-training will be translated into one term throughout this thesis as; on-the-job-training. Since most of the respondents interpreted these terms as being the same, I have chosen to simplify it into one term; on-the-job-training.

What is recognized by all the respondent is that standard operating procedure and expert sent from Norway is important for support of knowledge transfer. This method of transfer knowledge is easily transferable explicit knowledge. One universal method is implemented when Statoil is transferring knowledge. In other words, only small differences between Pertamina employees and Indonesian Statoil employees have been identified. However, each individual seem to prefer different methods of how knowledge gets transferred to them.

Below you will get an overview of the most used methods for knowledge transfer from the Statoil organization:

Statoil methods of knowledge transfer	Statements from all of the respondents
<b>On-the-job-training</b>	<p>“Pertamina employee #3 worked on a schedule offshore on the rig by on-the-job training. It is important to have pedagogical method that tries to transfer knowledge through “on-the-job-training” to work practically together that helps it to transfer” (Tor, President Director of Statoil Indonesia).</p> <p>“Dicky learned on-the-job-training. They get knowledge transferred and learn because they will do the same thing over and over again by “on-the-job-training” (Arne, HSE manager of Statoil Indonesia)</p> <p>“We try to support and follow up to learn by on-the-job-training, and we have tried to make them to accept this” (Deborah, Exploration manager of Statoil Indonesia).</p> <p>“I learned most when I was given responsibility to be project manager in seismic acquisitions project. I get most of the knowledge from “on-the-job-training” during the project” (Paulus, Senior Geophysicist of Statoil Indonesia).</p>
<b>E-mail-, telephone- and video conference</b>	<p>“We have Norwegian experts sent from Norway to help us or send them email or having phone- or videoconference. We have video conferences so I can discuss with them” (Paulus, Senior Geophysicist of Statoil Indonesia).</p> <p>“When I need help it is very easy to find an expert to solve the problem by telephone-, video- or email conference” (Dicky, HSE coordinator, from Pertamina).</p> <p>“We use a lot of video conference to gather knowledge so we can show huge data volume and visualize several places at the same time and get a discussion” (Tor, President Director of Statoil Indonesia).</p>

<b>Experts from Norway</b>	“We have experts from Norway that come to Indonesia to help us out, and hold courses, seminars and implement documents” (Arne, HSE manager of Statoil Indonesia).
<b>Meetings</b>	<p>“We have workshops and “lunch and learn”. Every time we work on a project, we try to have technical presentation in every team meeting” (Deborah, Exploration manager of Statoil Indonesia).</p> <p>“We do all tasks together and we have meeting very often, up to 3-4 times per day” (Arne, HSE manager of Statoil Indonesia).</p>
<b>Courses</b>	<p>“We have special courses for 2 weeks per year” (Edo, Senior Geologist of Statoil Indonesia).</p> <p>All of Statoil employees go to courses and seminars for 2 weeks every year, and also a trip to Norway or something” (Deborah, Exploration manager of Statoil Indonesia).</p>
<b>Organizational systems</b>	<p>“If I am not an expert we can just open the standard operating procedure, follow the procedure and then the work is done” (Dicky, HSE coordinator, from Pertamina).</p> <p>“In a daily situation we can find the literature in the network (web based) library and paper from internal databases. Databases, articles and other internal documents are easy to find and use” (Edo, Senior Geologist of Statoil Indonesia).</p> <p>“Normally I ask question in the network (web based) library” (Paulus, Senior Geophysicist of Statoil Indonesia).</p>

### 5.3.1. Self-initiated learning

The knowledge learned by Arif was mostly self-learned and this was different from the rest. He acquired knowledge on his own by observations and reading material that was available from the network server of Statoil Indonesia. Further, the work he needed to do for Statoil he managed to find out on his own, for example, how to make contact with the government. Arif had some difficulties answering these questions, something which might reflect that he hasn't

learned that much, since he is always referring to how his colleagues are learning instead. These questions were asked and reformulated several times without him being able to answer how he learned.

*“Arif managed by himself to find out regarding the government stuff, I am not sure if I would be able to explain him what to do, he knows this better. He used his external network of contacts. He used much time on reading presentations that other have made internally in Statoil” (Deborah, Exploration manager of Statoil Indonesia).*

#### **5.4. Findings about knowledge transfer in an across-national alliance**

In the previous section I have reported findings that revealed the purpose of the alliance, and how they have been achieved, what and how knowledge was transferred. In this section, I will report findings that are directly linked to those factors that potentially promote facilitation and impede knowledge transfer in an across-national alliance.

##### **5.4.1. Factor 1: Knowledge tacitness**

We have learned that knowledge can be divided into two dimension when transfer knowledge; (1) explicit knowledge and (2) tacit knowledge. This section will report findings on these two dimensions of knowledge and their level transferability.

##### **5.4.1.1. Transferability of explicit knowledge**

All of the respondents related to knowledge transfer in the alliance had a common understanding that explicit knowledge, like systems and standard operating procedures as a work methodic was easy to transfer to Pertamina employees and was transferred successively to their own organization, Pertamina. The top management also emphasized and frequently mentioned that the USB flash drive brought by Pertamina employees made it easy for them to copy everything from Statoil Indonesia that was of interest for Pertamina.

*“My experience is that the Pertamina employees brought their USB flash drive, and in this unit all their knowledge was stored. Most likely they have copied the procedures of Statoil to Pertamina” (Tor, President Director of Statoil Indonesia).*

*“Maybe they easily can transfer knowledge they have experienced regarding governing processes (systems), presentations and documents that was made available. I believe they have learned this and brought with them on a USB flash drive to copy it and transfer this to Pertamina” (Deborah, Exploration manager of Statoil Indonesia).*

*“The systems and work methods Dicky have learned and probably using in Pertamina now he has probably copied to a USB flash drive and brought back to Pertamina” (Arne, HSE manager of Statoil Indonesia).*

*“I got many documents when working at Statoil, so it is very easily to transfer to my colleagues in Pertamina, and for me to make a presentation” (Dicky, HSE coordinator, from Pertamina).*

#### **5.4.1.2. Transferability of tacit knowledge**

Earlier we identified that tacit knowledge could be knowledge of technology and knowledge about how to make deep-water exploration. Both, the top management and the Pertamina employees had a common understanding that this knowledge, however, will be difficult for Pertamina employees to transfer further to their organization. The top management agrees that the Pertamina employees need to be put in the same situations to transfer knowledge in Pertamina, like Statoil did. In other words, they need to use the on-the-job-training method in order for them to transfer in the Pertamina organization. We have earlier identified that Statoil used an on-the-job-training, a socialization method, to transfer technology knowledge. That in order to transfer the knowledge, employees did the same job over and over again to acquire the tacit knowledge. We have earlier identified that the Pertamina employees did acquire tacit knowledge. However, the tacit knowledge was not easily transferred successively to the Pertamina organization.

*“Pertamina employees would not easily transfer their knowledge gained at Statoil as long as they were not given the same challenges by Pertamina as we gave them” (Tor, President Director of Statoil Indonesia).*

*“No, I don’t believe that the knowledge they have learned is easy to transfer to others. It is possible if they will be put in our organization like us and then learn. I don’t believe that it is easy to “teach by telling” (Deborah, Exploration manager of Statoil Indonesia).*

*“Most of the knowledge I got from Statoil is combined with other sources I have acquired and are therefore not easily transferred to Pertamina. This is a great challenge for me in the future”. (Dicky, HSE coordinator, from Pertamina)*

#### **5.4.1.3. Recognition of established system**

Pertamina employees discovered that transferring tacit knowledge to their organization is difficult, and recognized the need to create sufficient systems in order to store and transfer the knowledge they have acquired.

*I tell them that we must have standard operating procedure, and make sure that everybody is disciplined in following the procedures” (Arif, Exploration manager, from Pertamina).*

*“Pertamina organization have problem changing the existing system, and makes is difficult to transfer knowledge. Now I transfer knowledge in my way. I have to know the level of the person working at Pertamina before I knowledge transfer, I cannot explain in detail to him or her, but accordingly to what he understand, so I want to give effectively” (Dicky, HSE coordinator, from Pertamina).*

#### **5.4.2. Factor 2: Learning intent**

All the respondents were able to go into depths regarding questions about learning intent.

Deborah identified willingness as the most important factor for successful knowledge transfer:

*“To transfer knowledge successfully it is important that people are open and willing to learn new knowledge and open for the responsibility new knowledge gives” (Deborah, Exploration manager of Statoil Indonesia).*

The respondents identified that there were differences regarding learning intent between Pertamina employees and between Indonesian Statoil employees. Deborah and Arne of the top management recognized that several Pertamina employees were less willing to learn, especially Pertamina employees #3 and #4. Further, Arif, the Pertamina employee identified by himself that he did not recognize that he could learn anything from Statoil. This leaves us with Dicky, who on the other hand was more willing to learn than the rest of the Pertamina employees

*“I learned about HSE system, the Norwegian and Statoil culture, this was very important for me to learn in Norway. I am very thankful for Statoil, because they were open to me to learn about that, because I really wanted to learn this” (Dicky, HSE coordinator, from Pertamina)*

While the Pertamina employees in general were less willing to learn, all of the respondents had a mutual understanding that those Indonesians working for Statoil had higher willingness to learn than the Pertamina employees.

<b>Findings: the willingness to learn regarding</b>	
<b>Pertamina employees</b>	<b>Indonesian Statoil employees</b>
<p>“Pertamina employee #4 was too laid-back, he seemed unhurried and had no motivation to be good technically, and then you will not be that either. Pertamina employee #4 did not take initiative to do more than specific the task he was given, so he didn’t learn that much compared with the opportunity he was given” (Deborah, Exploration manager of Statoil Indonesia).</p>	<p>“In Statoil Indonesia most of the Indonesians have high willingness to learn. Indonesian people are very open, and especially open interaction between Indonesians to learn from each other” (Deborah, Exploration manager of Statoil Indonesia).</p>
<p>“Regarding Pertamina employee #3 I believe he were more willing to share knowledge than to learn knowledge” (Arne, HSE manager of Statoil Indonesia).</p>	<p>“Indonesians wants to learn; they are active and ask questions. The willingness to learn and share knowledge among Indonesians in Statoil is extremely good, they wish to learn” (Arne, HSE manager of Statoil Indonesia).</p>
<p>“Basically I can’t say I had significant problems in my job at Statoil Indonesia, so if I ask somebody for help it is not significant. So I did not get much help from others” (Arif, Exploration manager, from Pertamina).</p>	<p>“The Indonesians working for Statoil are very eager to learn. I can see that in all of the departments of them are eager to learn something” (Arif, Exploration manager, from Pertamina).</p>
<p>“I think Indonesians have strong willingness to learn. We in Statoil are more willing to learn than those Pertamina employees” (Paulus, Senior Geophysicist of Statoil Indonesia).</p>	



### **5.4.3. Factor 3: Knowledge relatedness**

Tor from the top management identified that prior knowledge is collected, stored and transferred so it can easily be used by others when they will work within the same knowledge domain. In other words, prior knowledge is made explicit so other people working in similar areas can get information before they conduct similar jobs. Statoil recognizes that having prior knowledge is important. Therefore, they let the same persons that worked with the previous stage within a project, to work with the next stage as well.

*“All information we have gather from a well, is documented so it can be used for similar areas. Knowledge will be stored in procedures and work methodic, and be valid to every one of us. Those new people that will work in similar areas will have access to such documents and read this before they will start working. Normally we try to make sure that people who worked with the same project will also work with the next process”. (Tor, President Director of Statoil Indonesia)*

#### **5.4.3.1. Lack of prior knowledge**

The top management, Tor and Deborah, emphasized that both the Pertamina employees and Indonesian Statoil employees had a lack of prior technical knowledge to effectively transfer knowledge to them.

*“None of the Indonesian employees or Dicky had any former experience with these tasks before they started work for Statoil. Regarding Pertamina employee #3, I will not say that his former experience was that great, so everything he learned came from Statoil” (Arne, HSE manager of Statoil Indonesia).*

*“None of the Pertamina employees had enough technical background to possess the position Pertamina gave them in Statoil Indonesia. There were two Indonesian girls working in Statoil when I entered my position that had lack of technical background and communication background” (Deborah, Exploration manager of Statoil Indonesia).*

Those Indonesians who had prior work experience within the same knowledge domain did easier understand their working process, than those without the knowledge.

*“With most of the Indonesians employees I feel I have to simplify the language a bit, the working process and divided it more into smaller parts. The exception was Indonesian workers that had more work experience than the others” (Deborah, Exploration manager of Statoil Indonesia).*

#### **5.4.3.2. Development of knowledge relatedness**

Those Indonesians who lacked prior knowledge was sent to extra courses. Especially two of the four Pertamina employees were sent to Norway to gain knowledge before they could start working in Statoil Indonesia.

*“When Dicky started at Statoil, we realized that his knowledge level was very low, therefore we send him to Norway for training for 9 months, also Pertamina employee #3 was sent to Norway to learn” (Tor, President Director of Statoil Indonesia).*

*“We needed to give them a lot of training. But the biggest challenge was to get them to understand why we should establish documents, how to use it and what we will use it for” (Arne, HSE manager of Statoil Indonesia).*

A few Indonesians working at Statoil Indonesia needed more than technical training; language courses were given so the communication could go well.

*“Those two Indonesian were given English courses and technical courses over 4 weeks per year; that is double training than the rest of the others employees” (Deborah, Exploration manager of Statoil Indonesia).*

#### **5.4.3.3. New mover disadvantage**

The top management experienced that finding the best employees with enough prior knowledge is difficult when you are new to a country, because you don't know whom to look for, and how.

*“When you are new to a location, like in Indonesia, it can be difficult to evaluate the potential employees. We also used headhunters to different positions without any success” (Tor, President Director of Statoil Indonesia).*

*“Those working after I entered my position have been a bit better on the technical aspect, they have proven to be more technical qualified than those employed before me. The reason for this can be that many of them have had former experience and also from other western oil companies” (Deborah, Exploration manager of Statoil Indonesia).*

#### **5.4.4. Factor 4: Partner relationship**

According to the top management, it helped Statoil to better relate to why Pertamina want to acquire knowledge from them, because Statoil did the same in the 1970s. This understanding has made Statoil able to trust, and be willing to share knowledge to their partner; Pertamina.

*“When Statoil was newly established in 1970s many Statoil employees were working at foreign oil companies to build up their knowledge. This is how Pertamina now runs their company as well. So we do understand more when we talk to Pertamina than with privatized oil companies, because where Pertamina is now we already have experienced” (Tor, President Director of Statoil Indonesia).*

##### **5.4.4.1. Openness and trust**

Both top management of Statoil Indonesia and the Pertamina employees had a common understanding that they trusted each other and were open. This openness led them to get knowledge transferred and facilitated for knowledge transfer to each other.

*“Both Pertamina and Statoil trusted and respected each other. Pertamina realized that Statoil is a good partner, very good. Principally when I ask something to Statoil I explain them we need that, because it is for my company, they respect and realize that, and provided us the data. They know how we are thinking. Statoil are honest and open” (Arif, Exploration manager, from Pertamina).*

*“I feel they were open bit by bit, like a family. It seems like I am not a Pertamina employee but a Statoil employee. I felt included, they are open and I respect them” (Dicky, HSE coordinator, from Pertamina)*

*“After Dicky arrived at Statoil Indonesia from Norway he was treated like the rest of the other Indonesian employees, he was regarded as a Statoil employee. My experience after*

*holding a seminar for Pertamina, is that I feel there is an open and easy dialogue with them”*  
(Arne, HSE manager of Statoil Indonesia).

Now that we have presented findings on what type of factors that facilitates knowledge transfer, the next section will report findings on what factors that have been a barrier for knowledge transfer in this context.

#### **5.4.5. Factor 5: Organizational distance**

Compared with culture distance, I was not able to collect a lot of data regarding the organizational distance. Maybe the questions were not complementary or it seems that a lot of what distinguish the organizational culture can also be identified as culture distance.

All the respondents related to the alliance had a mutual understanding that there existed organizational distance between Statoil and Pertamina. (1) Statoil are seen as more open where everyone can speak freely to each other, while Pertamina is more bureaucratic and hierarchic based and you should only speak to your closest supervisor. (2) Statoil has established systems for sharing and to get access to knowledge while Pertamina doesn't have such a system. (3) Statoil is not depended on an individual “superman”, but on the standard operating procedures, while Pertamina have individual “supermen”. A “superman” is defined by Arif and Dicky as a person that possess a lot of knowledge or expertise they are not willing to share with others.

About Statoil Indonesia	About Pertamina
“I believe that we are open and have good communication that it is easy to communicate across higher and lower positions, this is very good” (Arne, HSE manager of Statoil Indonesia).	I have learned from Pertamina that they are stringent regarding their positions. They are leader oriented, that means that each manager adapt, that you not work over your position, that you go to your closest supervisor and then this person goes to the next supervisor” (Arne, HSE manager of Statoil Indonesia).
“Statoil is open, very flat, there are no several levels and everybody can speak freely” (Dicky, HSE coordinator, from Pertamina).	“Pertamina is bureaucratic and hierarchic. Their organization is more based on who you are, and not what you can do, it is based on

<p>“Statoil has good systems and standard operating procedures, so there is no “superman”; Statoil are therefore not dependent on personal competencies. If somebody isn’t an expert just open the standard operating procedures” (Dicky, HSE coordinator, from Pertamina).</p>	<p>status” (Deborah, Exploration manager of Statoil Indonesia).</p> <p>“In Pertamina it is different, there they need somebody to explore and make something how to solve the problem by himself, because there is no system or standard operating procedure” (Dicky, HSE coordinator, from Pertamina).</p>
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#### 5.4.6. Factor 6: Culture distance

In this section, I will present that there seem to be a culture distance between Norwegians and Indonesians and that there were two sub-factors that had an outcome of this culture distance. By Indonesians, I mean both Indonesian Statoil employees and Pertamina employees. The last sub-factor mentioned in the theory chapter; Masculinity versus femininity will not be presented, since there are no findings to report.

##### 5.4.6.1. Sub-factor 1: Collective society

When I asked questions about the manner in which Statoil and Pertamina employees learned, I discovered that the top management frequently mentioned that Indonesians learn best when they were in a collective setting. Indonesians were more comfortable to attend when “we” together attended the courses. In other words, they learned better when they knew those people that attended with them, that their group joined them.

*“The Indonesian is a bit shy without their group. This we have experienced, if for example there are two Indonesians attending a workshop, its working much better than instead of attending alone. When we had an expert/specialist in seismology from Statoil Norway for one week, they learned a lot because it was “us” and “we” that did the course together” (Deborah, Exploration manager of Statoil Indonesia).*

In general, the top management had mutual understanding about Indonesians, that they were learning best when they were working in small teams where everyone knew each other.

Indonesians working at Statoil seemed to learn better and were more comfortable when they can work in smaller teams.

*“My assessment of the Indonesian society is that it works well if the organizations have small teams. The Indonesian culture accordingly to learning is that they are very consensus group based. They want to learn in comfortable situations” (Deborah, Exploration manager of Statoil Indonesia).*

*“Normally the Indonesians are more comfortable in Statoil Indonesia to work in small teams, rather than in larger teams” (Tor, President Director of Statoil Indonesia).*

*“The knowledge transfer was made when all of the team members participated together and commented the work. So when we, also Dicky, did the task we did it all together. I believe that this method on working in my team is a good way of doing things”. (Arne, HSE manager of Statoil Indonesia)*

*“Both Arif and Pertamina employee #4 were working together with Indonesian Statoil employee in small groups and that worked well. Both Statoil and Pertamina employees were always checking up on each other/copying each other” (Deborah, Exploration manager of Statoil Indonesia).*

#### **5.4.6.2. Sub-factor 2: Power distance**

During several different questioned asked, such as; how they learned, Indonesian culture versus Norwegian culture and Statoil Indonesia versus Pertamina; I discovered that Indonesian culture is influenced by the power distance in Indonesia.

##### **5.4.6.2.1. Respect for higher positions**

All the respondents had a common understanding that you as an Indonesian should show respect for those with higher positions than yourself. This resulted in Indonesians being silent or refusing to be active during e.g., meetings when higher ranking individual attended. Indonesians would not be comfortable enough to ask questions or talk when people with higher positions were present.

*“During these weekly meetings normally it is a monologue and some few questions from the Indonesians, but when I am not present in the room they seem to be more active. Normally if the Indonesian have worked for more than 1 year or so they start to understand that they are allowed to say something during the meetings, and that it does matter” (Deborah, Exploration manager of Statoil Indonesia).*

*“It looks like Statoil have more respect for their employees. We have to wait until all have spoken out their mind. Even if there is one person out of ten who haven’t arrived yet, we will still wait for this person, to hear what he or she is going to say. Normally, other places one person will say, this is how we will do it” (Paulus, Senior Geophysicist of Statoil Indonesia).*

*“In the Statoil’s meetings everyone respect the decisions made, even the supervisor even he or she did not attend the meeting, but in Pertamina it is different. If the supervisor did not attend and then read the meeting protocol, if he or she has an opinion about this, they will just suddenly change the meeting decisions” (Dicky, HSE coordinator, from Pertamina).*

*“When we meet the higher ranking within Pertamina the communication is not that good. The culture is different, compared with Statoil. The barrier is the problem; I will not feel comfortable to ask him”. (Arif, Exploration manager, from Pertamina)*

#### **5.4.6.2.2. Seniority handing over tasks**

Both Norwegian and Indonesian respondents identified that those Indonesians with higher position or higher seniority had a tendency to hand over their tasks to other Indonesians in Statoil that had less seniority. This has resulted in (1) that those handing over task will not get knowledge transferred, because you will not do on-the-job-training by yourself, but by others. (2) Those persons who got the tasks handed over from the seniors proved to become the most skilled ones, because they learned everything. In other words, power distance will make barriers for knowledge transfer.

*“The youngest Indonesian person in Statoil actually learned everything, because every one of them gave her the task instead of doing it by themselves. Like the rest of Indonesian employees, Arif and Pertamina employee #4 also had a bad habit of given away task to others that they was supposed to do, then it is difficult to learn. Sometimes it seems that Indonesians just want a job, to get senior, so others can do the job for them” (Deborah, Exploration manager of Statoil Indonesia).*

*“Indonesians are more arrogant if they possess a high position, they delegate their tasks to all their subordinates; you have to do like this. And If you don’t respect me; I will fire you” (Edo, Senior Geologist of Statoil Indonesia).*

#### **5.4.6.2.3. A need for detailed work descriptions**

The top management believes that Indonesians need very detailed work descriptions and are highly dependent on others. This have led Deborah to change the structure of her teams and followed Arne’s way of transfer knowledge. Arne’s teams have very detailed work descriptions and state that this is a success.

*Indonesians need really detailed work descriptions that is defined from A to Z, in order to know what needs to be done” (Tor, President Director of Statoil Indonesia).*

*“Indonesians need clear definitions regarding training; we will do this, and learn like this and this. With most of the Indonesian employees I feel I have to simplify the language a bit, the working process and divided it more into smaller parts” (Deborah, Exploration manager of Statoil Indonesia)*

*“Tasks were given in order for the Indonesians to know their responsibilities” (Arne, HSE manager of Statoil Indonesia).*

#### **5.4.6.2.4. Low versus high position**

To further explain that the power distance makes a barrier for knowledge transfer Tor experienced that the top management from Pertamina and the Indonesian government were not afraid to ask question and to learn compared with “silent” Indonesians that had lower seniority at Statoil.

*“People from the Indonesian government and the top management of Pertamina came to Statoil in Norway. To them we held several seminars, presentations, learned about business development, showed our headquarters and rigs. They consistently showed extra curiosity and asked many questions. They were active in such settings and absorbed the knowledge and were not afraid to ask questions. The Indonesians working in Statoil are more reserved. Maybe this is also because of their culture and especially that the positions they held made*



*them feel more comfortable to ask and to show curiosity” (Tor, President Director of Statoil Indonesia).*

#### **5.4.6.3. Language and communication difficulties**

According to the five respondents related to the partnership they agree that there have not been much language nor any form for communication barrier between Pertamina and Statoil.

*“In the office when the Norwegian are talking regarding job we must speak English. There is no barrier and no difficulties in communication” (Arif, Exploration manager, from Pertamina).*

*“I am so happy, because all the systems at Statoil are translated into English” (Dicky, HSE coordinator, from Pertamina).*

However, there have been some language problems regarding those Indonesian Statoil employees that have led to communication problems. Those involved were sent to take language course to improve their English.

*Some of the Indonesians have taken English courses, so they can better express themselves better, and it helps to reduce the chance of misunderstanding and to give them more self-confidence”. ” (Deborah, Exploration manager of Statoil Indonesia)*

All the respondents working for the Statoil have agreed that there have been occasionally cluster of groups, normally Norwegians in one group and then Indonesians in another group. This has resulted to some misunderstandings and caused Indonesians to miss out on important information.

*“Cluster can also happen if there are more Indonesians than Norwegians. Sometimes we ask the Indonesian colleagues first, because we have the same language, it is easy for me to communicate” (Edo, Senior Geologist of Statoil Indonesia).*

*“Informal it can easily be clustery and the biggest problem is that we misunderstand each other language wise and culture wise. Sometimes it can be a misunderstanding how to do*

*things, because the Indonesian has talked to each other without telling us what they learning each other” (Deborah, Exploration manager of Statoil Indonesia).*

## **5.5. Something new – possible contributions**

During the in-depth interviews, several interesting findings were made. This can't directly be explained by the factors from the suggested framework and are new findings that can contribute for future research. This new findings are called factor X - mobile human knowledge. Further, knowledge sharing came up as an aspect of this factor and power distance.

### **5.5.1. Factor X: Mobile human knowledge**

During the data collection, I discovered that some knowledge is highly mobile and this knowledge could be an exchange for a better position and higher salary. Later I will identify that this knowledge gives power and make the knowledge not being shared.

#### **5.5.1.1. Indonesian Statoil employees quit after 3 years**

First, there was a common understanding from the top management of Statoil Indonesia that Indonesians at Statoil and in the industry in general would like to learn as much and fast as possible, so they could bring this knowledge with them for exchange of better positions and salary.

*“I believe there is a culture for the Indonesian to learn as much as possible as fast as possible, so they can switch to another company/employer. I can also confirm this when looking at their CV” (Deborah, Exploration manager of Statoil Indonesia).*

*Most of the Indonesians working in this industry are changing their employer/company every third year, because they want higher salary. Salary and position is important for them. This kind of cultural element I believe will not contribute too much sharing of knowledge” (Tor, President Director of Statoil Indonesia).*

*“In Statoil there is no significant knowledge gap (superman) between the Individual like e.g. at Total, so after 3 years the Indonesians will quit. They feel that is enough, so in 3 years the*

*Indonesian workers will think I am finished acquire knowledge from Statoil” (Arif, Exploration manager, from Pertamina).*

#### **5.5.1.2. Knowledge gives power: better position and higher salary**

The Pertamina respondents argue that the reason why Indonesian employees leave Statoil Indonesia for another organization, is because of lack of security and salary given by Statoil.

*“Statoil Indonesia doesn’t have security to them. In Statoil there is a large gap in salary between Indonesians and Norwegians. If they can’t give Indonesians satisfaction and they feel jealous of Norwegian people they will very easily quit and move to another company after they have acquired all their useful knowledge at Statoil. I have security after work in Statoil I will go back to Pertamina with higher salary than Indonesian working for Statoil. And I have a safe position in Pertamina until I am retired” (Dicky, HSE coordinator, from Pertamina).*

*“After they have acquired enough knowledge and because of the low salary they will move to another company. Now many in Statoil Indonesian complain about health insurance, special future security. The salary gap is huge between Norwegians and Indonesians. That is the reason I think they quit at Statoil Indonesia” (Arif, Exploration manager, from Pertamina).*

#### **5.5.1.3. Knowledge gives power: is it related to culture issues**

Even though the Pertamina employees have identified that Indonesians working at Statoil have a tendency to move to other organizations after they have acquired their knowledge, this seems to be the case with Pertamina employees as well.

*“Every Friday Dicky and the 3 others had regularly meetings with Pertamina where they not only shared knowledge, but also discussed future promotions for them in Pertamina” (Arne, HSE manager of Statoil Indonesia).*

*“In the future maybe I am promoted to one of the manager in the new HSE organization for Pertamina,. It can be challenging for Pertamina to understand my change I have done after being working for Statoil, but I don’t want to force them to get promotion” (Dicky, HSE coordinator, from Pertamina).*

*“When I wanted to quit my work in Total I were reading many books and tried to acquire as much knowledge as possible, but then I realize it is not enough, and then I cancel the plan to quit, and continued to work. Then I am ok to work for more years, and then I have another plan to quit, I found out that the knowledge are endless, ok, so after 7 years I quitted” (Arif, Exploration manager, from Pertamina).*

#### **5.5.1.4. How to keep human knowledge within an organization**

One of the Pertamina respondents emphasized that it should be important for Statoil to keep the local recruitment because it can be costly to lose human knowledge.

*“Statoil should consider how to keep local recruitment, because they are dependent on these local people to run the organization as well. In the oil industry in Indonesia, there is much hijacking of good employees, so Statoil should be aware of that. You know for someone like me it takes around 3 years before you are fully trained in Statoil that is the value of human capital. If I will leave there is not easy to find another Indonesian like me” (Dicky, HSE coordinator, from Pertamina).*

#### **5.5.1.5. Knowledge gives power: reluctant to knowledge sharing**

During question asked about how the different nationalities were willing to share knowledge and about Indonesian culture, it came up that knowledge gives power. It is your golden ticket and therefore you should not share this ticket.

*“In general Indonesians are not willing to share knowledge. Not everybody has access to knowledge, so if you have access to knowledge, that is your kind of golden ticket, and you would not like to share that golden ticket to somebody else. Then you need to be sure you will have another gold ticket before you share anything else. I don’t think it is naturally to share knowledge” (Paulus, Senior Geophysicist of Statoil Indonesia).*

*“The culture in Indonesia is that knowledge gives power and therefore you should not share knowledge. Some of the Indonesians in our office have been like this. Those Indonesians that didn’t possess any former experience from other international companies have had a tendency to say now I have learned something, and I don’t need to share this to others” (Tor, President Director of Statoil Indonesia).*

*“The culture in Pertamina to share knowledge is not significant, it is important to possess knowledge, marketing you self and not sharing knowledge. I have seen several example of this” (Tor, President Director of Statoil Indonesia).*

*“The willingness and ability to share is less than the willingness to learn, but it gets better each day. We try to focus on this that the Indonesians should be better at sharing knowledge; they should give something back to the team” (Deborah, Exploration manager of Statoil Indonesia).*

#### **5.5.1.6. Willingness to share knowledge continues**

So far in this section; mobile human knowledge; we have identified that knowledge learned can be mobile and it can be an exchange of better positions and salary. Further, this knowledge is a golden ticket, in other words; knowledge gives power. Accordingly to all of the respondents they have a common understanding that Indonesians being reluctant to share knowledge is an outcome of that mobile human knowledge gives power in Indonesian organizations.

The findings identified that Pertamina employees were willing to share knowledge. This was in other words opposite of what was the case with the Indonesians in general.

*“Pertamina employees shared what they could share if I asked them” (Deborah, Exploration manager of Statoil Indonesia).*

*“If Pertamina employees had something to share, then they did so, they haven’t been reluctant to share” (Tor, President Director of Statoil Indonesia).*

The Norwegians were also willing to share knowledge:

*“When I come to all of the Norwegian colleagues they will provide me information or answer what I need, knowledge, data or something like that. So they are very open sharing data, information and for analysis” (Arif, Exploration manager, from Pertamina).*

However, it is not certain that the Pertamina employees would have shared their knowledge when they returned back to Pertamina.

*“In Pertamina if nobody come to me to learn, I will not learn it to them. We will not go to other people, hello, do you want to learn some knowledge”? (Arif, Exploration manager, from Pertamina)*

## **5.6. Summary of the findings**

In this chapter relevant findings have been presented in order to answer the six objectives of this research. Additional findings to the framework were discovered; factor X – mobile human knowledge. There have been identified a possible differences between knowledge sharing and knowledge transfer. In the next chapter, I will discuss the most relevant findings in order to develop a final framework for: “knowledge transfer in an across national alliance”.



## CHAPTER 6 – DISCUSSION

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In this chapter, I will discuss the most important findings revealed in the last chapter and connect it with the relevant theories presented in chapter three, in order to develop a final framework for “knowledge transfer in an across-national alliance”.

I will start this chapter with a discussion about the purpose of the alliance, followed by a presentation of relevant findings that do and do not supplement the framework. Here I will critically review the six factors that were suggested in chapter three. And finally, I will extend the discussion with the application of findings that are shown to supplement the final framework.

In this chapter, my focus will still be to use the three groups to discuss common features, and to a certain extent, will enable a differentiation between Pertamina employees and Indonesian Statoil employees, Pertamina organization and Statoil organization, Indonesians and Norwegians, and so on. Again, when commenting about Indonesians I will include Indonesian Statoil employees and all Pertamina employees. Finally but not least, in regard to the Norwegians, I am including the top management of Statoil Indonesia.

### 6.1. Introduction

PURPOSE OF THE STRATEGIC ALLIANCE			
	Findings		Theory
	Purpose	Achieved or not achieved	
S T A T O I L	“Build a relation in expectations (...) business opportunity” (Tor, President Director of Statoil Indonesia).	“...we finished our exploration in the three wells without finding significant hydrocarbon” (Tor, President Director of Statoil Indonesia).	In an alliance different partners are brought together normally because they contain different skills, knowledge and strategic complementarity (Inkpen, 2000).
	“Gain knowledge on how to make business in Indonesia and about their geology” (Tor,	“Pertamina didn’t have much experience and knowledge” (Tor, President	Alliance is a variety of agreements between two or more companies that involves



INDONESIAN	President Director of Statoil Indonesia).	<p>Director of Statoil Indonesia).</p> <p>“We as an organization have given more than we have received”. (Arne, HSE manager of Statoil Indonesia</p> <p>“It wasn’t that Pertamina wasn’t willing to share knowledge, but they really didn’t possess such knowledge” (Tor, President Director of Statoil Indonesia).</p>	<p>exchange and sharing of their resources to pursue a specific market opportunities, or to gain mutually relevant benefits (Gulati, 1995; Inkpen, 2000).</p> <p>Western companies give away more than they gain, mainly because they don’t possess knowledge of how to win (Hamel et al., 1989).</p>
PERTAMINA	<p>“Build a relation in expectations (...) business opportunity” (Tor, President Director of Statoil Indonesia).</p> <p>“(…) to learn how we are organized, which system we have established, government processes” (Tor, President Director of Statoil Indonesia).</p> <p>“Through on-the-job-training Pertamina employees got access to our work methods, procedures, technology, use of</p>	<p>“(…) we finished our exploration in the three wells without finding significant hydrocarbon” (Tor, President Director of Statoil Indonesia)</p> <p>“Pertamina have learned something from us (...) for sure the procedures” (Tor, President Director of Statoil Indonesia).</p> <p>Those four working for Pertamina have joined us throughout the whole process” (Tor, President</p>	<p>A study by Hitt et al. (2000) claim that “alliance partners are selected largely for access to resources that can be leveraged and capabilities that can be learned” (p. 464).</p> <p>Western partners often contribute easy-to-imitate technology, while the Japanese companies contribute with difficult-to-unravel strengths (Hamel et al., 1989).</p>

	technology, through practical participating in the license from A to Z” (Tor, President Director of Statoil Indonesia).	Director of Statoil Indonesia).  “After Pertamina employee #3 went back to Pertamina I saw that he has improved significantly technically. Same did Pertamina employee #4 and the rest of Pertamina employees” (Arif, Exploration manager, from Pertamina).	(...) manage to make a greater effort to learn and their outcome was stronger than its Western partner (Hamel et al., 1989).
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The main purpose for both partners in the strategic alliance was to build business development together. This was not achieved. The specific partnership in the Karama block license ended in January 2013, because there was no significant hydrocarbon found. In the findings we reported that both partners had several other purposes as well. In an alliance, different partners are brought together normally because they have different skills, knowledge and strategic complementarity (Inkpen, 2000). Statoil wanted to acquire knowledge about Indonesian geology and wanted to find out how to do business in Indonesia. This was not achieved, mainly because Pertamina did not possess such knowledge.

While Statoil did not achieve any of its purposes, we can say that Pertamina achieved some of theirs, at least according to the top management of Statoil. Pertamina wanted to learn about deep-water exploration technology knowledge and wanted to learn about how Statoil have been organized in the past and present. Four people from Pertamina were supposed to acquire this knowledge while working in the Statoil organization, something which was achieved. The question whether this knowledge was transferred further into the Pertamina organization or not, will soon be discussed.

## 6.2. Findings that support the framework

Each factor that supports the framework is presented in this section and then further discussed in-depth with use of theory presented in chapter three.

### 6.2.1. Factor 1: Knowledge tacitness

#### 6.2.1.1. Pertamina employees

FACTOR 1: KNOWLEDGE TACITNESS			
	Findings: knowledge transfer from		Theory
	Statoil to Pertamina employees	Pertamina employees to Pertamina	
E X P L I C I T K N O W L E D G E	“I got many documents when working at Statoil, so it is very easily to transfer to my colleagues in Pertamina” (Dicky, HSE coordinator, from Pertamina).	“My experience is that the Pertamina employees brought their USB flash drive (...) most likely they have copied the procedures of Statoil to Pertamina” (Tor, President Director of Statoil Indonesia).	Explicit knowledge can easily be stored (Nonaka & Takeuchi, 1995)-
	“When I need help it is very easy to find an expert to solve the problem by telephone-, video- or email conference. If I am not an expert we can just open the standard operating procedure and follow the procedure” (Dicky, HSE coordinator, from Pertamina).	“The systems and work methods Dicky have learned, he probably using this in Pertamina now (...) copied down on an USB flash drive, and brought back to Pertamina” (Arne, HSE manager of Statoil Indonesia).	Nonaka and Takeuchi (1995) states that “explicit knowledge can be expressed in words and numbers, and easily communicated and shared in the form of hard data, scientific formula, codified procedures, or universal principles” (Nonaka & Takeuchi, 1995, p.8).
	I learned how to do teamwork, culture, human relationship and implementation of standard operation procedures” (Arif, Exploration manager, from	“Maybe they easily can transfer knowledge they have experienced regarding governing processes (systems), presentations and documents that was made	Explicit knowledge is easily acquired and learned compared with tacit knowledge which is hard to formalize and communicate (Chen, 2004).

	Pertamina).	available. I believe they have learned this and brought with them on a USB flash drive to copy it and transfer this to Pertamina” (Deborah, Exploration manager of Statoil Indonesia).	
T A C I T  K N O W L E D G E	<p>“...Through on-the-job-training Pertamina employees would have access to...technology knowledge” (Tor, President Director of Statoil Indonesia).</p> <p>“...get knowledge transferred and learn because they will do the same thing over and over again by “on-the-job-training” (Arne, HSE manager of Statoil Indonesia).</p>	<p>“Most of the knowledge I got...are therefore not easily transferred to Pertamina.... I transfer knowledge in my way” (Dicky, HSE coordinator, from Pertamina).</p> <p>“Pertamina employees would not easily transfer their knowledge gained at Statoil as long as they were not given the same challenges by Pertamina as we gave them” (Tor, President Director of Statoil Indonesia).</p> <p>“In Pertamina if nobody come to me to learn, I will not learn it to them. We will not go to other people, hello, do you want to learn some knowledge?” (Arif, Exploration manager, from Pertamina)</p>	<p>Tacit knowledge that is highly personal, hard to formalize, not easily visible, expressible and difficult to communicate or share with others (Nonaka &amp; Takeuchi, 1995).</p> <p>Tacit knowledge it is more difficult to transmit or process the acquired knowledge in any systematic or logical manner. It needs to be converted into words or numbers in order to anyone can understand. (Nonaka &amp; Takeuchi, 1995).</p> <p>“(...) the transfer of tacit knowledge that contradicts prior belief of the recipients will encounter resistance” (Inkpen &amp; Pien, 2006, p. 798).</p>

#### **6.2.1.1.1. Pertamina employees: from explicit knowledge to explicit knowledge**

*Explicit knowledge* is easily acquired and learned compared with *tacit knowledge* which is hard to formalize and communicate (Chen, 2004). The research supports this theory.

Pertamina employees could easily transfer their explicit knowledge showing their documents and procedures formula that they learned from Statoil to others in the Pertamina organization. Explicit knowledge can easily be stored (Nonaka & Takeuchi, 1995). The top management observed that the Pertamina employees brought their USB flash drive and copied everything they needed to bring to Pertamina (e.g. documents and presentations). This can be identified as a “combination” mode of transfer by Nonaka and Takeuchi (1995), is an “individual exchange and combine knowledge through such media as documents, meetings, telephone conversations, or computerized communication networks” (p. 67). This is a transfer mode that transfers explicit knowledge through explicit knowledge. The research supports this theory: it is possible to transfer from explicit knowledge to explicit knowledge. “We can observe that Pertamina have learned something from us. I know for sure that our procedures have been successfully transferred to Pertamina. They take use of this now. I hope and believe we have contributed to their organization” (Tor, President Director of Statoil Indonesia).

#### **6.2.1.1.2. Pertamina employees: from tacit knowledge to tacit knowledge**

The easiness of transfer explicit knowledge is not the case with *tacit knowledge*. Tacit knowledge is highly personal, hard to formalize, not easily visible, expressible and difficult to communicate or share with others (Nonaka & Takeuchi, 1995). We have identified that tacit knowledge, such as technology knowledge, were transferred using an on-the-job-training work method. This method was apparently the best way to transfer tacit knowledge within the Statoil organization: “More important than just having seminars, is trying to have a pedagogical method that tries to transfer knowledge through “on-the-job-training” to work practically together that helps it to transfer” (Tor, President Director of Statoil Indonesia). In other words, knowledge transfer from Statoil to Pertamina employees was through a socialization process; from tacit knowledge to tacit knowledge. Accordingly to Nonaka and Takeuchi (1995), socialization process is one mode of transferring knowledge, where they learn and get experience through observations, imitation and practice. Something which can be compared with an on-the-job-training method. The research supports these theories, that

tacit knowledge is difficult to transfer, and one mode to transfer such knowledge is through socialization.

We have discovered that tacit knowledge is more difficult to transfer than explicit knowledge, and Statoil then use the method of socialization to transfer. But how did Pertamina employees transfer knowledge back to their organization Pertamina? “Individually, the Pertamina employees would not easily transfer their knowledge gained at Statoil as long as they were not given the same challenges by Pertamina as we gave them” (Tor, President Director of Statoil Indonesia). In other words, they believe that, in order to transfer knowledge, it has to occur through a socialization process; from tacit knowledge to tacit knowledge, just like Statoil did. This is why I, as a researcher interpret on-the-job-training as a good method for the transfer tacit knowledge, since it is difficult to convert this knowledge into words or numbers. Employees have to work practically together, and do the same thing over and over again until they have acquired the tacit knowledge. Neither Statoil nor the Pertamina employees believed this kind of knowledge was easy to transfer to the Pertamina organization. However, Nonaka and Takeuchi (1995) identified that tacit knowledge could also be transferred through the transfer mode; externalization; and making tacit knowledge to explicit knowledge. Since Pertamina haven't established a system for storing knowledge, it was difficult for the Pertamina employees contribute with their knowledge. So even if Pertamina employees did manage to make tacit knowledge to explicit knowledge, how would they have stored this knowledge?

As a conclusion, we can confirm that both explicit and tacit knowledge got transferred from Statoil to Pertamina employees through the modes of: combination and socialization. Only explicit knowledge was transferred successively from the Pertamina employees to the Pertamina organization. Research supports that explicit knowledge is easily to store and transfer, while tacit is more difficult to transfer. It was proven difficult for the Pertamina employees to transfer tacit knowledge to the Pertamina organization.

#### **6.2.1.2. Indonesian Statoil employees**

Now we will take a look at the knowledge transfer from Statoil to the Indonesian Statoil employees and see if there are some differences between them and the Pertamina employees.

FACTOR 1: KNOWLEDGE TACITNESS CONTINUES...			
	Findings: knowledge transfer from		Theory
	Statoil to Statoil Indonesian employees	Statoil Indonesian employees to Indonesians	
E X P L I C I T	“We can find the literature in the network (web based) library and paper from internal databases” (Edo, Senior Geologist of Statoil Indonesia).	“ When I have been at a course I share my handbook from the course, so they can learn” (Edo, Senior Geologist of Statoil Indonesia).	Explicit knowledge is easily acquired and learned compared with tacit knowledge which is hard to formalize and communicate (Chen, 2004).
	“Normally I ask question in the network (web based) library. “We have Norwegian experts sent from Norway to help us or send them email or having phone- or videoconference” (Paulus, Senior Geophysicist of Statoil Indonesia).	“Willingness to (...) share knowledge among Indonesians in Statoil is extremely good” (Arne, HSE manager of Statoil Indonesia).	Nonaka and Takeuchi (1995) states that “explicit knowledge can be expressed in words and numbers, and easily communicated and shared in the form of hard data, scientific formula, codified procedures, or universal principles” (Nonaka & Takeuchi, 1995, p.8).
T A C I T	“We try to support and follow up to learn by on-the-job-training, and we have tried to make them to accept this” (Deborah, Exploration manager of Statoil Indonesia).  “I get most of the knowledge from on-the-job-training” (Paulus, Senior Geophysicist of Statoil Indonesia).		Tacit knowledge that is highly personal, hard to formalize, not easily visible, expressible and difficult to communicate or share with others (Nonaka & Takeuchi, 1995).

As previously explained, explicit knowledge is easily acquired and learned, compared with tacit knowledge which is hard to formalize and communicate (Chen, 2004). I can conclude

that my results do not disprove previous research, because the Indonesian Statoil employees got explicit knowledge successfully transferred (e.g. through databases and library from the network). In other words, there were no obvious differences between Indonesian Statoil employees and the Pertamina employees, in regard of explicit knowledge transfer. I did not expect that there would be any difference between previous research and current findings, because explicit is easily acquired and learned.

I found no evidence as to how the Indonesian Statoil employees transferred tacit knowledge to others in the organization, if that was their aim. In general, my findings show that tacit knowledge is more difficult to transfer in the organization than explicit knowledge.

### 6.2.2. Factor 2: Learning intent

FACTOR 2: LEARNING INTENT		
Findings: willingness to learn about		Theory
Pertamina employees	Indonesian Statoil employees	
<p>“We in Statoil are more willing to learn than those Pertamina employees” (Paulus, Senior Geophysicist of Statoil Indonesia).</p> <p>—</p>	<p>“I think Indonesians have strong willingness to learn” (Paulus, Senior Geophysicist of Statoil Indonesia).</p> <p>+</p>	<p>Learning intent is the desire of one part to learn from another (Pérez-Nordtvedt et al., 2008).</p>
<p>“Pertamina employee #4 did not take initiative to do more than specific the task he was given, so he didn’t learn that much (...)” (Deborah, Exploration manager of Statoil Indonesia).</p> <p>—</p>	<p>“Indonesians wants to learn; they are active and ask questions” (Arne, HSE manager of Statoil Indonesia).</p> <p>+</p>	<p>Learning intent is the motivation for individual learning and in a strategic alliance context, learning intent, is the organizations desire and will to learn from its partner (Simonin, 2004).</p>
<p>“Regarding Pertamina employee #3 I believe he were more willing to share knowledge than to learn” (Arne, HSE manager of Statoil Indonesia).</p>	<p>“In Statoil Indonesia most of the Indonesians have high willingness to learn” (Deborah, Exploration manager of Statoil Indonesia).</p>	



Learning intent is the motivation for individual learning in a strategic alliance context, learning intent, it also include the organization`s desire and willingness to learn from its partner (Simonin, 2004). According to the respondents, all Indonesian Statoil employees had high motivation to learn. However, the Pertamina employees were not that motivated to learn compared with Statoil employees, and could have gotten more knowledge transferred if they had shown an interest. So my findings support the previous research – that in order to transfer knowledge successfully; motivation and willingness needs to be present. “To transfer knowledge successfully it is important that people are open and willing to learn new knowledge and open for the responsibility new knowledge gives” (Deborah, Exploration manager of Statoil Indonesia).

However, this theory doesn’t explain what kind of motivation and level of motivation that creates willingness to learn, something which should be further researched. Since there is a difference in the willingness to learn between these two groups, I can conclude that their motivation to learn differs. So why is there a difference in motivation between Indonesian Statoil employees and the Pertamina employees to learn?

#### **6.2.2.1. The Pertamina employees` lack of motivation to learn**

The Pertamina employees’ motivation for learning seemed to be less than the Indonesian Statoil employees’ motivation for learning. The top management said that some of the Pertamina employees could have learned more if only they were more motivated. Pertamina employee #4 (...) didn’t learn that much compared with the opportunity he was given” (Deborah, Exploration manager of Statoil Indonesia). The recipient lack of motivations, is the reluctance to accept knowledge from others, being either passive or dismissive (Szulanski, 1996). There can be several explanations to this, because, when they finished their work-period in Statoil they were supposed to return to Pertamina, where they had security and were bargaining for promotions. “Statoil Indonesia doesn’t have security to them. I have security after work in Statoil I will go back to Pertamina with higher salary than Indonesian working for Statoil. And I have a safe position in Pertamina until I am retired” (Dicky, HSE coordinator, from Pertamina). Other explanations for their lack of motivation can be that they did not see the knowledge as valuable enough, something which is in great contrast to the other group of Indonesians, who were very eager to learn. Knowledge that is viewed valuable, gives the recipient a desire to absorb such knowledge (Pérez-Nordtvedt et al., 2008).

Not anyone, in the top management, mentioned Dicky when they revealed that Pertamina employees had a lack of willingness to learn. Compared with Arif, Dicky had a motivation to learn at Statoil. “I am very thankful for Statoil, because they were open to me to learn about that, because I really wanted to learn this” (Dicky, HSE coordinator, from Pertamina).

#### 6.2.2.2. The Indonesian Statoil employees motivation to learn

Indonesian Statoil employees had a high motivation to learn. The reason for this can be that they viewed the knowledge transferred as valuable to them. As mentioned above, knowledge that is viewed valuable, gives the recipient a desire to absorb such knowledge (Pérez-Nordtvedt et al., 2008). In the findings chapter we discovered that knowledge gives power, something which leads to a gain of better positions and higher salaries. Further, we discovered that knowledge seemed to be highly mobile, making it easier for an employee to transfer the knowledge as soon as he or she acquires the knowledge. “I believe there is a culture for the Indonesian to learn as much as possible as fast as possible, so they can switch to another company/employer” (Deborah, Exploration manager of Statoil Indonesia). “(...)Salary and position is important for them” (Tor, President Director of Statoil Indonesia). We can recognize that the factor X – mobile human knowledge has some effect on learning intent. Since knowledge gives power, and knowledge is highly mobile, they will have a high desire to acquire such knowledge. The factor X – mobile humane knowledge will be discussed in the section: “findings that supplement the framework”.

#### 6.2.3. Factor 3: Knowledge relatedness

FACTOR 3: KNOWLEDGE RELATEDNESS		
Findings about		Theory
Pertamina employees	Indonesian Statoil employees	
“Nobody of the Pertamina employees had enough technical background to hold the position Pertamina gave them in Statoil Indonesia” (Deborah, Exploration manager	“There were two Indonesians (...) that had lack of technical and communication background. Were given (...) double training than the rest of the others employees” (Deborah,	In a knowledge transfer in an alliance “learning is limited by the degree of experience of the knowledge seeker” (Simonin, 1999, p. 601).

of Statoil Indonesia).	Exploration manager of Statoil Indonesia).	
“When Dicky started at Statoil, we realized that his knowledge level was very low, therefore we send him to Norway for training for 9 months, also Pertamina employee #3” (Tor, President Director of Statoil Indonesia).	“(…) many of them have had former experience and also from other western oil companies (…)	Absorptive capacity is positive influenced from learning intent, and it decides how much they can learn. Absorptive capacity is necessary in order to learn from other partners and to add value to the firm (Liu, 2012).
“None of the Indonesians employees or Dicky had any former experience (…)	It is important to have prior experience within the same knowledge domain, in order to use the knowledge that has been transferred to them. Prior experience within same knowledge domain, gives a kind of familiarity and comfort with the information and favor a transferability of such knowledge (Simonin, 1999).	

According to Bernand L. Simonin, (1999) it is important to have prior experience within the same knowledge domain, in order to use the knowledge that has been transferred to them. Prior experience within the same knowledge domain, gives a kind of familiarity and comfort with the information and favor a transferability of such knowledge (Simonin, 1999). Prior experience or knowledge is important in order to learn new similar knowledge and use the knowledge transferred to them. Further, absorptive capacity is positive influenced from learning intent, and it decides how much they can learn. Absorptive capacity is necessary in order to learn from other partners and to add value to the firm (Liu, 2012).

The research supports the theory and has identified prior knowledge as important to get knowledge transferred easily and to use the knowledge that has been transferred. The top management had a common understanding, that most of the Indonesians had lack of prior experience to do their tasks and to efficiently transfer knowledge to them. A recipient have a lack of absorptive capacity when the recipient can't exploit knowledge learned because they lack prior knowledge to better understand (Szulanski, 1996). To increase their employee's

knowledge some of them were given extra training to develop their knowledge, so future knowledge transfers could be done more easily. “When Dicky started at Statoil, we realized that his knowledge level was very low, therefore we send him to Norway for training for 9 months, also Pertamina employee #3 was sent to Norway to learn” (Tor, President Director of Statoil Indonesia). “We needed to give them a lot of training” (Arne, HSE manager of Statoil Indonesia). This proves that knowledge can be developed to create a knowledge domain of prior knowledge, and should be further researched. “Regarding Pertamina employee #3 I will not say that his former experience was that great, so everything he learned came from Statoil” (Arne, HSE manager of Statoil Indonesia).

#### 6.2.4. Factor 4: Partner relationship

FACTOR 4: PARTNER RELATIONSHIP		
Findings from		Theory
Pertamina employees	Top management	
“Both Pertamina and Statoil trusted and respected each other (...) Statoil is a good partner (...) honest and open” (Arif, Exploration manager, from Pertamina).	“My experience gained after holding a seminar for Pertamina, is that I feel there is an open and easy dialogue with them”. (Arne, HSE manager of Statoil Indonesia	To exchange knowledge and do it efficient trust is crucial. High level of trust means that they are willing to take risk of sharing valuable information, and information exchanged will be highly accurate and less comprehensive (Inkpen, 2000)
“I feel they were open bit by bit, like a family. I felt included, they are open and I respect them”. (Dicky, HSE coordinator, from Pertamina)	After Dicky arrived at Statoil Indonesia from Norway he was treated like the rest of the other Indonesian employees” (Arne, HSE manager of Statoil Indonesia).	Liu (2012) uses trust as a moderating effect, and state that “high level trust will eliminate unnecessary safeguard mechanism and encourage the exchange of information between partners
I got access like other Statoil	Everything related to Karama	and reduce the fear of

employee, but it is limited within my area of work regarding Karama block” (Dicky, HSE coordinator, from Pertamina).	block were made available for the Pertamina employees. We were quite open I will say” (Deborah, Exploration manager of Statoil Indonesia).	opportunistic behavior” (p. 317).  Relationship openness is the ability and willingness to share information and communicate openly (Inkpen & Pien, 2006).
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According to Inkpen (200), to exchange knowledge, and do it efficient, trust is crucial. A high level of trust means that they are willing to take risk of sharing valuable information, and information exchanged will be highly accurate and less comprehensive (Inkpen, 2000). Relationship openness is the ability and willingness to share information and communicate openly (Inkpen & Pien, 2006). This research support these theories, that being open and trust each other will facilitate knowledge transfer. Both sides of the alliance, Pertamina employees and the top management, had a mutual understanding that they were open to each other and knowledge got shared and transferred. Statoil was only reluctant to share knowledge if it was knowledge that could give Statoil competitive advantage or was in conflict with sharing knowledge from other partnerships. “Business interest that was related to other licenses was not shared with Pertamina employees (...) juridical we can’t do anything about that” (Tor, President Director of Statoil Indonesia). “Until we have made sure that we gotten a block/license or prospect we are careful to share information what we are doing, and that information is tight” (Arne, HSE manager of Statoil Indonesia). But in general, Pertamina employees were given the same opportunities to learn like Statoil employees. “Pertamina employee #4 was given the same training and opportunities to learn like Statoil employees got” (Deborah, Exploration manager of Statoil Indonesia).

#### 6.2.5. Factor 5: Culture distance

The framework presented in chapter three suggested that culture distance could be a barrier for knowledge transfer in across-national alliance. Cross-cultural differences can accelerate conflict between partners and create barriers of communicating, which can minimize flow of information and learning (Liu, 2012). In the findings chapter, I identified that there existed a

culture distance between Norwegians and Indonesians that have created difficulties regarding knowledge transfer.

Cross-cultural difference can accelerate conflict between partners and create barriers of communicating, which can minimize flows of information and learning (Liu, 2012). The culture distance has made little impact on the flow of information and barrier for communication between Statoil and Pertamina. “In the office, when the Norwegians are talking regarding job we must speak English. There is no barrier and no difficulties in communication” (Arif, Exploration manager, from Pertamina). However, there has been some communication barriers between the Indonesian Statoil employees and Norwegian Statoil employees. This have resulted that the management of Statoil Indonesia have simplified the language and working processes into smaller parts. “With most of the Indonesian employees I feel I have to simplify the language a bit, the working process and divided it more into smaller parts” (Deborah, Exploration manager of Statoil Indonesia). In addition to cultural distance creating difficulties, “it also raises barriers for communicating with partners and for understanding” (Simonin, 1999, p. 602). Misunderstandings were made, because the Indonesians preferred to speak with their native language. “Sometimes we ask the Indonesian colleagues first, because we have the same language, it is easy for me to communicate” (Edo, Senior Geologist of Statoil Indonesia). “Sometimes it can be a misunderstanding how to do things, because the Indonesian has talked to each other without telling us what they teach each other” (Deborah, Exploration manager of Statoil Indonesia). Even though there existed some slight communication barriers, top management was clear that most of the communication flow worked well.

Hofstede (2005) national dimensions helped us to identify possible sub-factors for national culture distance. During the data collection there were only two sub-factors that seem to support this research: collective society and power distance. In this section I will discuss these two sub-factors and explain why I think the framework should be extended to include these sub-factors.

#### 6.2.5.1. Sub-factor 1: Collective society

Sub-factor 1: Collective society	
Findings about Indonesians	Theory
<p>“Both Arif and Pertamina employee #4 were working together with Indonesian Statoil employee in small groups and that worked well” (Deborah, Exploration manager of Statoil Indonesia).</p> <p>“Normally the Indonesians are more comfortable in Statoil Indonesia to work in small teams, than in larger teams” (Tor, President Director of Statoil Indonesia).</p> <p>“My assessment of the Indonesian society is that it works well if the organization have small teams...they are very consensus group based” (Deborah, Exploration manager of Statoil Indonesia).</p> <p>“The knowledge transfer was made when all of the team members participated together and commented the work (...) I believe that this method on working in my team is a good way of doing things”. (Arne, HSE manager of Statoil Indonesia)</p> <p>“Both Statoil and Pertamina employees were always checking up on each other/copying each other” (Deborah, Exploration manager of Statoil Indonesia).</p> <p>“The Indonesian is a bit shy without their group. When we had an expert/specialist in seismology from Statoil Norway for one week, they learned a lot because it was “us” and “we” that did the course together” (Deborah, Exploration manager of Statoil Indonesia).</p>	<p>“Indonesia, with a low score of (14) is a collectivist society. This means there is a high preference for a strongly defined social framework in which individuals are expected to conform to the ideals of the society and the in-groups to which they belong” (Hofstede, 2013a).</p> <p>Either a society members are individualist or collectivist has to do if people see themselves in term of “I” or “we” (Hofstede, 2013a).</p>

It has been mentioned above, that national culture distance has created a barrier for knowledge transfer in this alliance. The top management identified Indonesians as a group

society “we” and “us” and are comfortable in settings with their in-groups. Indonesians were more comfortable learning when they had their small group present. Either a society members are individualist or collectivist has to do if people see themselves in term of “I” or “we” (Hofstede, 2013a). “Indonesia, with a low score of (14) is a collectivist society. This means there is a high preference for a strongly defined social framework in which individuals are expected to conform to the ideals of the society and the in-groups to which they belong” (Hofstede, 2013a). We have support by the research that Indonesia is a collectivist society, and the suggested framework should be further expanded to include this sub-factor in relation to factor; culture distance; that it is creating a barrier for knowledge transfer.

Culture distance in an international strategic alliance can create difficulties that force the managers to use more time on such as communication, design of compatible work routines, and development of common managerial approaches (Olk, 1997). Above we learned to know that Statoil Indonesia redesigned the teams and the work routines in order for the organization to transfer knowledge more efficiently and effectively.

#### 6.2.5.2. Sub-factor 2: Power distance

Sub-factor 2: power distance		
Findings from		Theory
Indonesians	Norwegians	
“Indonesians are more arrogant if they possessing a high position, they delegate their task to all their subordinates; you have to do like this. And If you don’t respect me; I will fire you” (Edo, Senior Geologist of Statoil Indonesia).	“The youngest Indonesian person in Statoil actually learned everything, because every one of them gave her the task instead of doing it by themselves. It seems that Indonesians just want a job, to get senior, so others can do the job for them” (Deborah, Exploration manager of Statoil Indonesia).	Where the power distance is large, organizations centralize power and divide the power to few persons and subordinates should do what they are being told to do (Hofstede & Hofstede, 2005).
“When we meet the higher ranking within Pertamina the (...) barrier is the problem, I	“Some of the Indonesian here are quite silent and will not ask many questions” (Tor, President	With large power distance are subordinates unlikely to confront or contradict their



will not feel comfortable to ask him”. (Arif, Exploration manager, from Pertamina)	Director of Statoil Indonesia).  “During these weekly meetings normally it is a monologue (...) but when I am not present in the room Indonesians seem to be more active” (Deborah, Exploration manager of Statoil Indonesia).	bosses directly... “In the larger power distance situation, superiors and subordinates consider each other as existentially unequal; the hierarchical system is based on this existential inequality” ((Hofstede & Hofstede, 2005, p. 55).
<p>“Indonesians also need clear definitions regarding training; we will do this, and learn like this and this” (Deborah, Exploration manager of Statoil Indonesia).</p> <p>“Indonesians need really detailed working description that is defined from A to Z, in order to know what needs to be done” (Tor, President Director of Statoil Indonesia).</p> <p>“(...) Tasks were given in order for the Indonesians to know their responsibilities” (Arne, HSE manager of Statoil Indonesia).</p>		In countries with high power distance employees expect clear guidelines from the manager and they expect to be told what and when to do the task (Hofstede, 2013a).

During the research I discovered that there exist a high power distance in Indonesia and that it created a barrier for knowledge transfer. It was especially evident when some of the respondents identified that Indonesians used their seniority or positions delegate work to “subordinates”, instead of doing the work by themselves. Where the power distance is large, organizations centralize power and divide the power to few persons and subordinates should do what they are being told to do (Hofstede & Hofstede, 2005). The President Director of Statoil Indonesia also identified that Indonesia had high power distance: “People from the Indonesian government and the top management of Pertamina came to Statoil in Norway (...) they consistently showed extra curiosity and asked many questions (...) While those Indonesians working in Statoil are more reserved (...) Maybe this is also because of their culture and especially that their positions they possessed made them feel more comfortable to ask and to show curiosity” (Tor, President Director of Statoil Indonesia). Some of the statements also claimed that Indonesians were silent and did not contribute during meetings

when the manager was present. With large power distance subordinates are unlikely to confront or contradict their bosses directly (Hofstede & Hofstede, 2005).

I can conclude, that there are strong support from the research, that Indonesia has a high power distance, and the suggested framework should be further expanded to include this sub-factor in relation to factor: culture distance. It seems that power distance creates obstacles for knowledge transfer in this context. “(...) when given away task to others that they were supposed to do, then it is difficult to learn” (Deborah, Exploration manager of Statoil Indonesia). “Cross-cultural difference will affect the relationship learning negatively (Liu, 2012).

### 6.3. Findings that is not supported by the framework

The research revealed one factor that was not supported by the framework. This factor is organizational distance, and will now be further elaborated.

#### 6.3.1. Factor 6: Organizational distance

FACTOR 6: ORGANIZATIONAL DISTANCE		
Findings about		Theory
Pertamina organization	Statoil organization	
I have learned from Pertamina that they are stringent regarding their positions (...) that you go to your closest supervisor and then this person goes to the next supervisor” (Arne, HSE manager of Statoil Indonesia).	“I believe that we are open and have good communication, that it is easy to communicate across higher and lower positions (Arne, HSE manager of Statoil Indonesia).	Organizational distance is bigger in an alliance compared with within an organization, and social ties, free-flow of communication, consistency in administrative controls, and levels of trust between source-recipient will be greater when the organizational distance is small (Cummings & Teng, 2003).
Pertamina is bureaucratic and hierarchic. Their organization is more based on who you are, and not what you can do, it is	“Statoil is open, very flat (...) everybody can speak freely” (Dicky, HSE coordinator, Pertamina employee).	

<p>based on status” (Deborah, Exploration manager of Statoil Indonesia).</p> <p>“In Pertamina (...) they need somebody to explore and make something how to solve the problem by himself, because there is no system or standard operating procedure” (Dicky, HSE coordinator, from Pertamina).</p>	<p>“Statoil has good system and standard operating procedures, there is no “superman”; Statoil are therefore not depending on personal competencies. If somebody isn’t an expert just open the standard operating procedures” (Dicky, HSE coordinator, from Pertamina).</p>	<p>Organizational distance is the degree of how different partners practices, institutional heritage, and organizational culture (Simonin, 1999).</p>
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Organizational distance is the degree of how different partners practices their institutional heritage, and organizational culture (Simonin, 1999). Both the Pertamina and Statoil respondents, related to the alliance, acknowledge that there existed an organizational distance. That the Statoil organization is not dependent on some few individuals, but more on standard operating procedures, while Pertamina focus more on the individuals and not the system.

In the suggested framework developed in chapter three, I mentioned that organization distance can be a barrier for a knowledge transfer. The greater organizational distance the greater the difficulty of transferring knowledge (Simonin, 1999). That is not the case in this alliance, even though they acknowledge a difference present; there were no evidence that the distance created a barrier or difficulty for transfer knowledge between them. Based on this theory we can conclude it is not supported by the research. The respondents could not identify any organizational distance that was in fact a barrier for knowledge transfer.

Findings presented above regarding organizational distance could also be reported as cultural distance. We can therefore, draw a thin line between organizational distance and culture distance in this study. “(...) every one of them gave her the tasks instead of doing it by themselves. Sometimes it seems that Indonesians just want a job, to get senior, so others can do the job for them” (Deborah, Exploration manager of Statoil Indonesia). Statements like this are culture dimension, but at the same time could be related to organizational distance. We need to be aware of this.

Since organizational distance was not revealed as a relevant factor to make barrier for knowledge transfer in an across-national alliance, as first assumed, this factor will not be included in the final framework presented at the end of this chapter.

#### 6.4. Findings that supplement the framework

Findings discussed in this section, are findings that will be supplement for the suggested framework presented in chapter three.

During the research the respondents identified, without being asked; other barrier for knowledge transferred that was not identified in the theoretical framework in chapter 3. I will discuss this barrier for knowledge transfer as factor X: mobile human knowledge. This is a complex factor, that made findings in several topics such as; knowledge gives power, valuable knowledge gives motivation for learning, and that human knowledge is mobile. It also identified that knowledge sharing is something different than knowledge transfer.

##### 6.4.1. Factor X: Mobile human knowledge

Factor X: Mobile human knowledge		
Findings about Indonesians		Theory
Mobile human knowledge	Willingness to share	
“In general Indonesian are not willing to share knowledge...Not everybody has access to knowledge, so if you have access to knowledge, that is your kind of golden ticket, and you would not like to share that golden ticket to somebody else. Then you need to be sure you will have another gold ticket before you share anything else. I don’t	“Those Indonesians...had a tendency to say now I have learned something, and I don’t need to share this to others (...) The culture in Indonesia is that knowledge gives power and therefore you should not share knowledge” (Tor, President Director of Statoil Indonesia).	The source of knowledge “may be reluctant to share crucial knowledge for fear of losing ownership, a position of privilege, superiority; it may resent not being adequately rewarded for sharing hard-won success; or it may be unwilling to devote time and resources to support transfer” (Szulanski, 1996, p. 31).

<p>think it is naturally to share knowledge” (Paulus, Senior Geophysicist of Statoil Indonesia).</p>		
<p>“When I wanted to quit my work in Total I (...) tried to acquire as much knowledge as possible, but then I realize it is not enough, and then I cancel the plan to quit, and continued to work” (Arif, Exploration manager, from Pertamina).</p>	<p>“I believe there is a culture for the Indonesians to learn as much as possible as fast as possible, so they can switch to another company/employer” (Deborah, Exploration manager of Statoil Indonesia).</p>	<p>Accordingly to Perez-Nordtvedt et al (2008), knowledge that is viewed valuable, gives the recipient a desire to absorb such knowledge. Furthermore, they say that “when a foreign source has knowledge that is valuable, rare and non-substitutable, it is perceived as being more attractive in the eyes of the recipient” (Perez-Nordtvedt et al., 2008, p. 734).</p>
<p>“In Pertamina if nobody come to me to learn, I will not learn it to them” (Arif, Exploration manager, from Pertamina)</p>	<p>“The culture in Pertamina (...) is important to possess knowledge, marketing you self and not share knowledge. Most of the Indonesian working in this industry is changing their employer/company every third year, because they want higher salary. Salary and position is important for them. This kind of cultural element I believe will not contribute too much sharing of knowledge” (Tor, President Director of Statoil Indonesia).</p>	
<p>“In Statoil there is a huge gap in salary between Indonesians and Norwegians (...) they will very easily quit and move to another company after they have acquired all their useful knowledge at Statoil” (Dicky, HSE coordinator, from Pertamina).</p>		
<p>“In Statoil there is no significant knowledge gap (superman) between the Individual like e.g. at Total, so</p>	<p>“The willingness and ability to share is less than the willingness to learn (...) we try to focus on this that the Indonesian should</p>	

after 3 years the Indonesians will quit (...) after finished acquire knowledge from Statoil (...) and because of the low salary they will move to another company” (Arif, Exploration manager, from Pertamina).	be better at sharing knowledge, they should give something back to the team” (Deborah, Exploration manager of Statoil Indonesia).	
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#### **6.4.1.1. Mobile human knowledge: knowledge gives power**

When analyzed the learning intent factor, we found evidence that Indonesians at Statoil had high motivation for learning, and that it could be explained that they saw this knowledge as valuable for them, and therefore wanted to learn. According to Perez-Nordtvedt et al (2008), knowledge that is viewed valuable, gives the recipient a desire to absorb such knowledge. Furthermore, they say that “when a foreign source has knowledge that is valuable, rare and non-substitutable, it is perceived as being more attractive in the eyes of the recipient” (Perez-Nordtvedt et al., 2008, p. 734). According to the respondents we get support for this, when Indonesians have acquired valuable knowledge it will be useful for them, to bargaining for better positions and higher salaries. This seems to be very important for Indonesians, and as the top management state, they learn as much and as fast as possible, so they can move to another organization to get promotions and higher positions. In this context, Indonesians seems to bring their knowledge with them when they quit. We can conclude that, findings show us that, human knowledge is highly mobile, and it gives power.

#### **6.4.1.2. Mobile human knowledge: reluctance to share knowledge**

Data show us that Indonesians Statoil employees were reluctant to share knowledge inside Statoil Indonesia and also outside of the organization, because they believe knowledge gives them power. Even though the Pertamina employees also realized that knowledge gives power, they were more willing to share knowledge with Statoil than Indonesians at Statoil. We earlier explained that the reason for this, can be, that they did not identify the knowledge valuable for them. “If Pertamina employees had something to share, then they did so, they haven’t been reluctant to share” (Tor, President Director of Statoil Indonesia). “Pertamina employees

shared what they could share if I asked them” (Deborah, Exploration manager of Statoil Indonesia). There can be several other explanations why the Pertamina employees were not reluctant sharing knowledge (1) one of the agreements for the alliance was to share and transfer knowledge between the involved parties. (2) The top management states that the Pertamina employees did not have that much knowledge to share. (3) Pertamina did have more security; got higher salary and potential promotions when returning to the Pertamina organization than the Indonesian Statoil employees. In other words, when human knowledge gives you power, you will not be willing to share it. The source of knowledge “may be reluctant to share crucial knowledge for fear of losing ownership, a position of privilege, superiority; it may resent not being adequately rewarded for sharing hard-won success; or it may be unwilling to devote time and resources to support transfer” (Szulanski, 1996, p. 31). In the research, the sub-factor, power distance, also discovered that knowledge sharing might be different from knowledge transfer.

#### **6.4.1.3. Knowledge transfer versus knowledge sharing**

From the data collection, it seems to come out a need to recognize that there exist a difference between sharing knowledge and transferring knowledge, and this should be further developed. In this paper, the respondents have talked about both, knowledge transfer and knowledge sharing, but the empirical research doesn’t really explicit differentiate these terms. The respondents have sometimes talked about sharing as something that is easy to share, like explicit knowledge. “E.g. when I have been at a course I share my handbook from the course, so they can learn” (Edo, Senior Geologist of Statoil Indonesia). While knowledge transfer for these respondents seemed to be something more than sharing; is a process of knowledge that is hard to formalize or difficult to transfer such as tacit knowledge. “(...) Get knowledge transferred and learn, because they will do the same thing over and over again by “on-the-job-training” (Arne, HSE manager of Statoil Indonesia). This can further be supported by Nonaka and Takeuchi (1995), “tacit knowledge is highly personal and hard to formalize, making it difficult to communicate or to share with others” (p.8).

As a conclusion, knowledge sharing seems to be more used in terms of giving explicit knowledge to others, while knowledge transfer covers both explicit and tacit knowledge. But at the same time, if they have valuable human knowledge and they are not sharing, and

sharing is explicit knowledge, is the knowledge then valuable? Therefore this term, knowledge sharing should be further developed.

#### **6.4.1.4. Downside of knowledge transfer – how to keep the mobile human knowledge**

We can say that knowledge gives power to Indonesians, and since the knowledge seems to be highly mobile, it can contribute Indonesians searching for better positions and higher salaries, by leaving their organization. The top management did observe this and was upset, but didn't make an incentive to keep the human knowledge. "Statoil should consider how to keep local recruitment, because they are dependent on these local people to run the organization as well. In the oil industry in Indonesia there is much hijacking of good employees" (Dicky, HSE coordinator, from Pertamina). Accordingly to Barney (1991), a resource is valuable when it can enable the firm to improve its effectiveness and efficiency. Accordingly to Grant (1996), knowledge-based view sees the knowledge as the most important resources of the firm. Further, Statoil have a challenge, because according to Barney (1991), when a firm resources is perfectly mobile this resource can easily be acquired by competitors when they enter into the same industry. The theories support the research that human knowledge is an important resource for Statoil and they should try to retain the employees with incentives, because it is highly mobile, so when Indonesians find another employer they will take their knowledge with them. Even though replacement of employees is easy, the cost of doing so can be significant and may affect their firms target value (Coff, 2002). Since global economy is becoming more knowledge based, it is important for a firm to achieve high performance and success they need to acquire, develop superior human knowledge and keep this knowledge in the firm (Crook et al., 2011).

At last, during the sub-factor collectivist society, we also recognize that sharing among Indonesians is better. It seems that there exist some contradictions here; Indonesia is a collectivist society more comfortable working in groups, while knowledge makes them behave as individual competitors taking care of their own fortune, not their group, and are reluctant to share knowledge. This should be further developed.

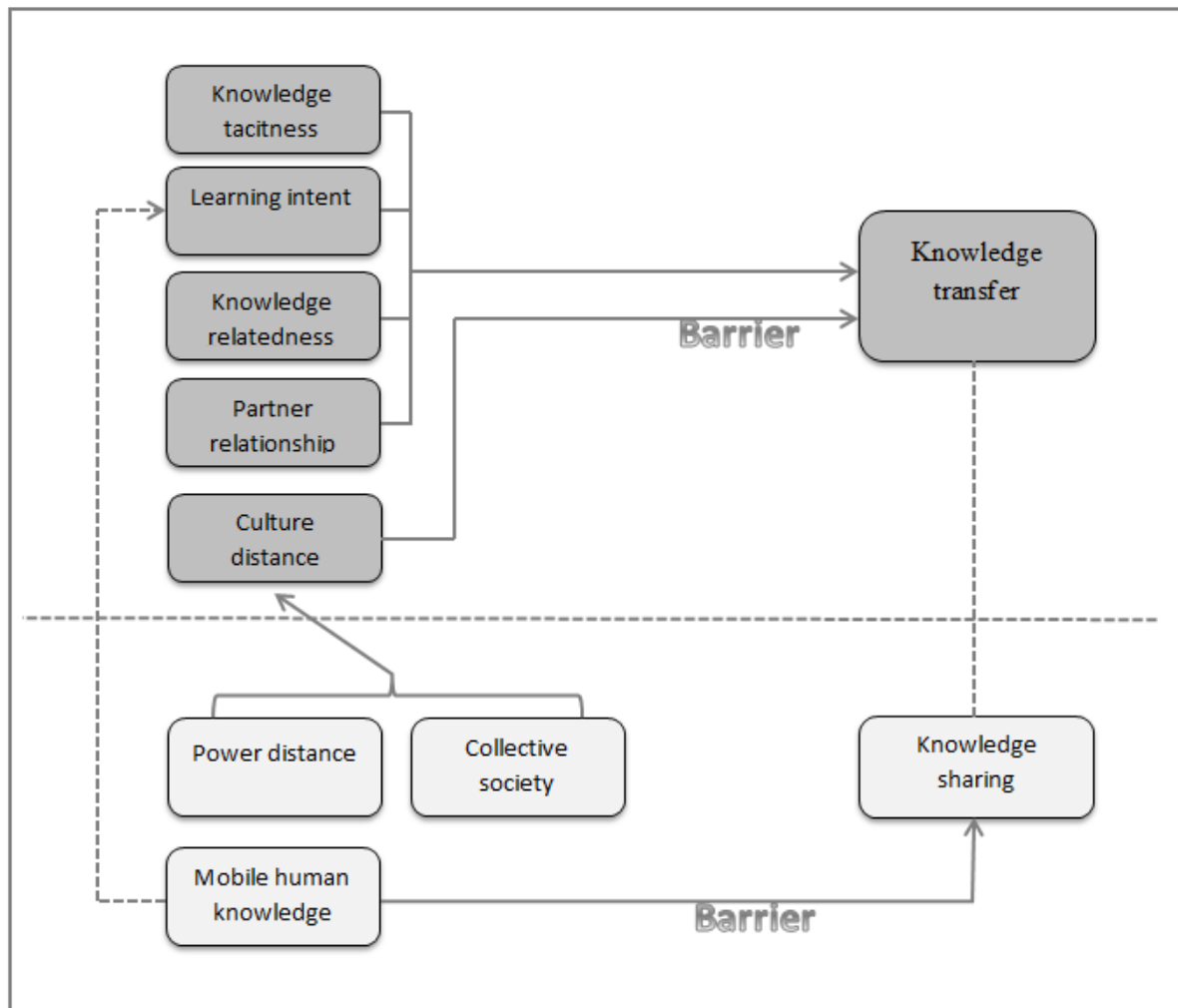


## **6.5. Final framework “knowledge transfer in a across-national alliance”**

In chapter three, a suggested framework was presented where four different factors were suggested that could facilitate knowledge transfer process in an across-national alliance: knowledge tacitness, learning intent, knowledge relatedness and partner relationship. We had support for all of these four factors and it seems to be relevant in this context. While those four factors could positively contribute to knowledge transfer, were factors, organizational distance and culture distance, suggested that it could create a barrier for a knowledge transfer and make learning more difficult. The culture distance factor was the only one that seemed to be relevant in this context. Even though I discovered that the organizational distance factor did seem to be related to the culture distance, it doesn't seem relevant to bring organizational distance into this context. In other words, the organizational distance factor will not be included in the final framework. That leaves us with five factors we have support for, that we can include in the final framework.

Throughout the research process we discovered two sub-factors: collective society and power distance. That these factors could expand the factor: culture distance. I discovered that Indonesia is based on collectivism and high power distance, that affects the learning negatively and made it more difficult to knowledge transfer. Further, the factor X – mobile human knowledge was discovered and was a major finding. This factor X showed us that knowledge gives power and it is mobile. This factor seems to have a positive effect on the learning intent factor in this context. The research showed us that knowledge gives power, and made the Indonesian have a higher motivation for learning. The mobile human knowledge factor seems to be more a barrier for knowledge sharing than knowledge transfer. I discovered that mobile human knowledge gave power and that it resulted in Indonesians being reluctant of sharing knowledge, because it was accepted that there existed a power distance in the society. An outcome of discovering these factors recognizes that knowledge sharing is different from knowledge transfer and should be further developed.

After discovering factor X and the two sub-factors of culture distance, this will expand the suggested framework, in addition to those five factors we did get support on basis from the suggested framework. Then it is possible to create a final framework to better understand knowledge transfer in an across-national alliance:



**Figure #6: Final framework “knowledge transfer in an across-national alliance”.**

Source: own.



## CHAPTER 7 – CONCLUSION

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In this chapter, a brief summary of the problem background and purpose of this thesis will be presented, followed by a summary of the most relevant findings on “knowledge transfer in a cross-national strategic alliance”. Lastly, limitations of the research and further research will be discussed.

### **7.1. Background of the research**

Globalization has made companies move across national borders and create multinational corporations where profits are made, and knowledge transferred internally and externally. Many companies, also in the oil and gas industry, have made alliances with the domestic corporations when entering a new region, to exploit advantages of the region and of each other. There are several reasons as to why an alliance is made, but in many cases they want to acquire knowledge from each other, like in the case were with Statoil Indonesia and Pertamina.

To have been able to answer the research question “what facilitates knowledge transfer in an across-national alliance”, this thesis has focused to answer all the six objectives, that was helpful to define what factors could influence knowledge transfer in this context. Through a qualitative approach, findings have been added to the theory, and a final framework has been developed that discover “knowledge transfer in an across-national alliance”.

### **7.2. Most important findings**

When a strategic alliance is made normally each partner brings different skills to the table that is attractive for the partners. Statoil Indonesia’s purpose was not achieved, they did not learn about how to do business in Indonesia and about their geology. However, they managed to get a network of contacts with officials in Indonesia that has been useful for them. The Pertamina organization’s purpose of the alliance was to acquire knowledge about deep-water technology, Statoil systems, government processes and how Statoil were organized; this was achieved. There were not found any significant difference in what knowledge and how it

gotten transferred between Pertamina employees and Indonesian Statoil employees. Since all the employees were Indonesians, it made me able to identify clearly culture distance between Norwegians and Indonesians.

A final framework on “knowledge transfer in a cross-national strategic alliance” was developed. Where factors like knowledge tacitness, learning intent, knowledge relatedness, partner relationship, culture distance and mobile human knowledge was identified that had an impact of knowledge transfer in this context. The first four factors were identified to facilitate knowledge transfer in a strategic alliance, while culture distance was identified as a barrier for knowledge transfer. It also had impact of two sub-factors: power distance and collective society.

#### **7.2.1. Factor 1: Knowledge tacitness**

Knowledge that was explicit, expressed in words and number in the form of hard data, codified procedures and formulas was easily transferred to Pertamina employees and further to the Pertamina organization. The easiness of transfer explicit knowledge was identified, when the Pertamina employees managed to transfer explicit knowledge from Statoil such as standard operating procedures copied down on USB flash drives.

Knowledge that is not easy to express and visualize is tacit knowledge and is difficult to transfer. That was the case for all of the Indonesians, all the tacit knowledge transferred from Statoil was difficult for them to transfer further to others. Tacit knowledge was transferred to the Pertamina employees mostly through on-the-job-training, and this was difficult to transfer further to Pertamina organization without them being put in the same situations like at Statoil, through socialization process: on-the-job-training.

#### **7.2.2. Factor 2: Learning intent**

Learning intent was one of the main factors that seem to facilitate knowledge transfer. Motivation for the Pertamina employees to learn was low, and made them to learn less than they had opportunity to learn. Top management recognized in order to transfer knowledge they needed to be open and willing to learn. The willingness to learn was higher among Indonesians at Statoil Indonesia, because they had higher motivation to learn. Further, the research identified mobile human knowledge partially as an explanation why Indonesians had

high motivation. That this factor X – mobile human knowledge, had an effect on the learning intent factor, in this context.

### **7.2.3. Factor 3: Knowledge relatedness**

The awareness of knowledge relatedness was identified as important by the top management for knowledge transfer, but unfortunately was not present among most of the Indonesians. They did not possess prior or related experience when they started to get knowledge transfer from Statoil. So both Pertamina employees and Indonesian Statoil employees, were sent on extra courses in order to receive enough experience to take efficiently use of the knowledge being transferred.

### **7.2.4. Factor 4: Partner relationship**

This alliance was based on an open dialogue and trust, where both parts helped each other out as best as possible. Knowledge got transferred to those who needed the knowledge and Statoil was not reluctant to share knowledge if it was part of the agreement. The Pertamina employees were treated well, and felt treated in the same way as the Statoil employees. This facilitated for knowledge being transferred successfully to the Pertamina employees

### **7.2.5. Factor 5: Culture distance**

Culture distance between Norwegians and Indonesians were identified. First, the distance was identified by language and communication obstacles. Misunderstandings were made during knowledge transfer because of the language distance and the preference of both the nations to speak their native language. These misunderstanding made it more difficult to transfer knowledge. But it was not a huge obstacle

Also two sub-factors of culture distance were identified during the research, that expanded the culture distance. These factors were collective society and power distance.

#### **7.2.5.1. Sub-factor 1: Collective society**

The awareness that Indonesians thrive in a collective society; that they see themselves in terms of “we” and belong to in-groups, was identified as a hindrance for knowledge transfer. Changes were made to increase the efficiency of knowledge transfer; they made Indonesians work in smaller teams, where each team had one team leader. Other changes were made letting Indonesians attend courses together instead of alone. The awareness of collective society and changes reduced the barrier for knowledge transfer. .

#### **7.2.5.2. Sub-factor 2: Power distance**

Awareness of power distance was identified as an important barrier to knowledge transfer. Respondents identified the Indonesian society to have high power distance compared with Norway. Even though Statoil seemed to have a Norwegian structure with low power distance, Indonesians were biased from their high power distance culture. Top management discovered that those Indonesians with longer seniority were giving away tasks to others “with less seniority” and therefore made a barrier for Statoil to transfer knowledge to those who were supposed to do the tasks..

#### **7.2.6. Factor X: Mobile human knowledge**

This factor X – mobile human knowledge, was an interesting discovery that could explain the final framework better and make a deeper understanding of the research. Indonesians were aware that knowledge gives power in Indonesia, so they acquired knowledge as fast as possible, that made them to have high motivation for learning, learning intent. The valuable knowledge was shown to be highly mobile making employees leaving Statoil when they have acquired enough valuable knowledge. Further, that knowledge gives power is also related to why Indonesians will not share their knowledge unless they will benefit from sharing knowledge. Summarized, can say that some knowledge is mobile and gives them a “golden ticket” to receive higher salary and promotions, causes the Indonesians to have high motivation to learn and reluctance in sharing knowledge.

The factor organizational distance was excluded from the final framework, because there were no support by the research that organization distance created a barrier of knowledge transfer in this context.

### **7.3. Limitations**

Most studies have their own limitations and in this study as well. The purpose of the research was to do a qualitative study where the focus was not to generalize, but to explore in-depth. The final framework therefore can't be representative as a framework for knowledge transfer in a cross-national strategic alliance in general in any industry. There are several reasons for that (1) the two partners were from the oil and gas industry. Each industry has its own similarities and the oil and gas industry cannot be compared with other industries in general. (2) The two oil and gas companies have different country classification; Statoil from a developed country and Indonesia from a developing country. (3) Statoil is a partially state-owned oil and gas company transferring to a present state-owned oil and gas company. (4) Statoil entered Indonesia for the first time when making an alliance with Indonesian company.

During the research eight in-depth interviews were conducted with a sample of seven respondents. We had three Norwegian respondents from the top management of Statoil Indonesia, two Indonesian respondents from both Statoil Indonesia and Pertamina. Because of the limited time and resources, I had no access to the top management at Pertamina, which made it difficult to include them in this research. Further, I was only able to reach 2 out of 4 Pertamina employees when collected the data. In other words, we need to recognize the limitations of the research; that most interviewed were from the Statoil organization and few from Pertamina and none from the top management of Pertamina. Even though the purpose of this study was best answered by in-depth interview with a small sample of 7 respondents, we can still not make any generalization of the knowledge transfer in a cross-national strategic alliance in any industry.

This strategic alliance was established in 2007 and ended in January 2013, because they did not find any significant hydrocarbon. The in-depth interviews were made after the alliances were terminated, so we need to recognize that information gathered at the end can have its limitations. Most likely, the respondents will selectively talk about what they remember best. Some of the employees that were involved in the knowledge transfer process, were only working in Statoil in the beginning of the alliance and were not able to interview, because of their locations, so time and cost had its interference of interviewing those.



#### **7.4. Contributions**

This research has contributed to some findings. Firstly, that two sub-factors: collective society and power distance, seems to be relevant in this context and that there is a need to expand the culture distance factor. Secondly, the main contribution is the major discovery; that mobile human knowledge in Indonesians move to other organizations when they have acquired valuable knowledge. It have discovered human knowledge that is viewed valuable is not shared by others; kept tight by Indonesians; and gives them an opportunity for bargaining for better position and higher salary. This mobility of human knowledge is a downside for an organization when they transfer knowledge, and in the future gives a challenge for organizations; how should the organization manage to keep the human knowledge within the firm? And how should an international company enter a developing country when transfer knowledge is a purpose, and at the same time keep the knowledge within the firm?

Thirdly, when such human knowledge is valuable and gives power, the level of motivation for Indonesians to learn is high, and affects the learning intent factor. Lastly, the term knowledge sharing seems to be different from knowledge transfer. Knowledge sharing seems to be something that is easily shared like explicit knowledge, while transfer knowledge, it also include tacit knowledge transfer.

#### **7.5. Further research**

If it was possible to do the same qualitative study again, it would be interesting to do the study with several more respondents from the Pertamina side (e.g. interview the top management not only from Statoil Indonesia, but also top management of Pertamina that were involved in the alliance). This would have given a more balanced view of the alliance. Then these factors found, and especially those that expanded the final framework, could be further identified and researched. Furthermore, it would have been interesting to do the study in other oil and gas companies that are located in other regions, and even in other industries.

It should also have been conducted a quantitative study to measure the significance of these factors discovered, and to make sure the result can be representative for the whole population.

It would have been interesting to further research the factor X – mobile human knowledge to research how this human knowledge should be retained in the organization. And further research, what are the downsides of transfer knowledge given the mobility of the workers.

The most interesting finding was made when mobile human knowledge made us aware that there could exist a difference from sharing knowledge and transfer knowledge, and this would have been interesting to look further into; what differentiate knowledge sharing and knowledge transfer?

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## **APPENDIX 1: INTERVIEW GUIDES – IN ENGLISH**

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### **Common information that all of the respondents are asked about:**

Name:

Educational background:

Current positions:

Years worked in the current positions:

What is your job description and area of responsibility?

Last project (name and period):

Current project (name and period)

Number of years worked at Statoil:

Interview date, time and location:

Interview length:

### **INTERVIEW GUIDE NR.1 – PRESIDENT DIRECTOR OF STATOIL INDONESIA**

#### **Part 1: Introduction of the strategic alliance**

- 1) What was the purpose of the partnership?
- 2) Has it been achieved?
  - a. If not, why?
- 3) Has the partnership been endanger or had obstacles during the partnership? If yes, why so?
- 4) Why would you say Pertamina was a good partner for Statoil?
  - a. What did they actually contribute with?
  - b. Why was this collaboration important for Statoil Indonesia?
- 5) Describe Pertamina`s activities that were related to the partnership?
  - a. Who and how often did you meet your partner Pertamina?
- 6) Describe what was the agreement regarding knowledge transfer on the Karama block?
- 7) What knowledge was relevant for Pertamina to acquire during the partnership?
  - a. Have this been achieved?
- 8) Describe Statoil Indonesia`s knowledge transfer activities that were related to the partnership with Pertamina?
  - a. How was the knowledge transferred?
  - b. How did you participate?
- 9) What knowledge was important for Statoil to acquire from Pertamina?

- a. Where Pertamina willingly to share all kind of knowledge?
- 10) Describe Statoil Indonesia`s responsibility to those four working from Pertamina?

## **Part 2: Knowledge transfer internally and externally**

- 11) In general, what will you consider as important factors to do a successful knowledge transfer to a partner?
- 12) How do you transfer your experiences and expertise to your colleagues?
- 13) How do Statoil take advantage of the knowledge transfer from similar countries and project in the deep-water exploration like Indonesia??
- a. How is this knowledge stored? (In data bases, moving people around, meetings etc.)
  - b. How do Statoil transfer this knowledge within their organization and to Pertamina?
- 14) Does Statoil Indonesia create new knowledge?
- a. How is the new knowledge put into use?
  - b. Who creates the new knowledge within the organization?
  - c. How is the knowledge stored (In data bases, moving people around, meetings etc.)?
- 15) When and how often the knowledge transfers did happens within Statoil Indonesia?
- 16) What knowledge has been transferred internally in Statoil Indonesia?
- 17) Describe how knowledge is being transferred internally in Statoil organization (e.g. meetings, conference, team work, moving people around etc)?
- a. Describe your activities related to this transfer?
- 18) What knowledge has been transferred to those four Pertamina employees?
- 19) Describe how knowledge is being transferred externally from Statoil organization (e.g. meetings, conference, team work, moving people around etc)?
- a. Describe your activities related to this transfer?
  - b. If you will described the knowledge they learned, will this be easily transferred further into Pertamina organization?

## **INTERVIEW GUIDE NR.2 – TOP MANAGEMENT OF STATOIL INDONESIA**

### **Part 1: Knowledge transfer internally and externally**

- 1) Generally, what will you say are the most important factors to do a successful knowledge transfer?
  - a. Can you mention a good example of successful knowledge transfer?
- 2) What knowledge has been transferred internally in Statoil Indonesia?
  - a. Is this useful for them in daily activities?
- 3) Describe how knowledge is being transferred internally in Statoil organization (e.g. meetings, conference, team work, moving people around etc)?
  - a. Describe your activities related to this knowledge transfer?
- 4) What knowledge has been transferred externally in Statoil Indonesia to those four Pertamina employees?
  - a. And, what have those employees learned from Statoil?
- 5) Describe how knowledge is being transferred externally in Statoil organization (e.g. meetings, conference, team work, moving people around etc)?
  - a. Describe your activities related to this knowledge transfer?

### **Part 2: Exploring relevant factors**

- 6) **Knowledge tacitness**
  - a. If you will described the knowledge they learned, will this be easily transferred further into Pertamina organization?
- 7) **Learning intent**
  - a. How do you perceive the willingness and ability of Norwegian colleagues to learn and share knowledge?
  - b. How do you perceive the willingness and ability of Indonesian colleagues to learn and share knowledge?
  - c. How do you perceive the willingness and ability of Pertamina employees to learn and share knowledge?
  - d. What resources have Statoil Indonesia had available in order to facilitate knowledge transferring?
- 8) **Knowledge relatedness**
  - a. How do Statoil take advantage from other similar knowledge transfer from similar countries like Indonesia?
    - i. How is this knowledge stored? (In data bases, moving people around, meetings etc.)
    - ii. How do Statoil transfer this knowledge within their organization and to Pertamina?
  - b. What kind of pre- knowledge level will you say your Norwegian colleagues have when they started work for Statoil Indonesia?
  - c. What kind of pre- knowledge level will you say your Indonesian colleagues have when they started work for Statoil Indonesia?
  - d. What kind of pre-knowledge level will you say the Pertamina employees have when they started work for Statoil Indonesia?
- 9) **Partner relationship and openness**
  - a. How will you describe the relationship between the Statoil and Pertamina?

- b. What kind of knowledge was Statoil reluctant of sharing to Pertamina knowledge? Why were you reluctant? And how did you hide this knowledge?
- c. How open do you perceive Pertamina employees are to you and the rest of the organization?

**10) Organizational difference**

- a. What do you think characterize Statoil`s culture?
  - i. Especially regarding willingness and openness to learn and share knowledge?
- b. What do you think characterize Pertamina`s culture?
  - i. Especially regarding willingness and openness to learn and share knowledge?
- c. Does it exist a common organizational culture between Statoil and Pertamina?
  - i. Have you experienced any difficulties regarding this difference?`
- d. How do you perceive the activities done by a Statoil colleagues compared with Pertamina employees?

**11) National difference**

- a. How do you perceive the communication between Indonesian and Norwegian employees?
- b. What do you think characterize Norwegian culture?
- c. What do you think characterize Indonesian culture?
- d. If there exist a culture distance, how do you think it have made a barrier for knowledge transfer?

**12) Do you wish to add anything to the interview?**

## **INTERVIEW GUIDE NR.3 – INDONESIAN STATOIL EMPLOYEES**

### **Part 1: Knowledge transfer internally**

- 1) What knowledge has been transferred to you from Statoil Indonesia?
  - a. Have you learned this?
  - b. How did you learn this?
  - c. When and where did the knowledge transfers happened?
  - d. From whom do you learn most from (the most experiences, those close to you)?
  - e. If you need to know something, who do you ask?
    - i. Why?
    - ii. How do you identify which tools to use under each activity?
  - f. Can you mention a good example of successful knowledge transfer?
- 2) There have been four people from Pertamina in Statoil, did you have much contact with them?
  - a. Do you talk to them about why there are working for Statoil?
  - b. What are they experience regarding knowledge transfer compared with yours?

### **Part 2: Exploring relevant factors**

- 3) **Knowledge tacitness**
  - a. Do you easily understand and use the transferred knowledge learned?
    - i. What knowledge is most useful?
    - ii. How do you transfer knowledge to others?
    - iii. What knowledge is easiest to transfer?
- 4) **Learning intent**
  - a. How do you perceive the willingness and ability of Indonesian colleagues to learn and share knowledge?
  - b. How do you perceive the willingness and ability of Pertamina employees to learn and share knowledge?
  - c. What resource have Statoil Indonesia had available in order to facilitate knowledge transferring?
- 5) **Knowledge relatedness (experience) and absorptive capacity**
  - a. What kind of pre-knowledge level will you say your Norwegian colleagues have?
  - b. What kind of pre-knowledge level will you say your Indonesian colleagues have?
  - c. What kind of pre-knowledge level will you say your Pertamina colleagues have?
- 6) **Relationship and openness**
  - a. What knowledge have Statoil been reluctant to transfer?
  - b. How open do you perceive Pertamina employees are to you and the rest of the organization?
  - c. How do you help your colleagues when working together solving a common problem?
    - i. What about your colleagues, are they open to share knowledge to you and others in Statoil Indonesia?

**7) Organizational difference**

- a. What do you think characterize Statoil's culture?

**8) National difference**

- a. How do you perceive the communication between Indonesian and Norwegian employees?
- b. What do you think characterize Norwegian culture?
- c. What do you think characterize Indonesian culture?
- d. If there exist a culture distance, how do you think it have made a barrier for knowledge transfer?

**9) Do you wish to add anything to the interview?**

## **INTERVIEW GUIDE NR.4 – PERTAMINA EMPLOYEES**

### **Part 1: Knowledge transfer externally**

- 1) What knowledge has been transferred to you from Statoil Indonesia?
  - a. Have you learned this?
  - b. How did you learn this?
  - c. When and where did the knowledge transfers happened?
  - d. From whom do you learn most from (the most experiences, those close to you)?
  - e. If you need to know something, who do you ask?
    - i. Why?
    - ii. How do you identify which tools to use under each activity?
  - f. Can you mention a good example of successful knowledge transfer?
- 2) What knowledge has been transferred from Statoil in Norway (if worked there)?
  - a. Why did you go to Norway?

### **Part 2: Exploring relevant factors**

#### **3) Knowledge tacitness**

- a. Do you easily understand and use the transferred knowledge learned?
  - i. If not, why?
- b. What knowledge learned is most useful when working for Pertamina?
- c. The knowledge you hold from Statoil Indonesia is this easily transferred back to your Pertamina organization?
  - i. How did you do that?
  - ii. If not, why wasn't it easy to transfer?

#### **4) Learning intent**

- a. How do you perceive the willingness and ability of Norwegian colleagues to learn and share knowledge?
- b. How do you perceive the willingness and ability of Indonesian colleagues to learn and share knowledge?
- c. How do you perceive the willingness and ability of Pertamina colleagues to learn and share knowledge?
- d. What resource have Statoil Indonesia had available in order to facilitate knowledge transferring?

#### **5) Knowledge relatedness (experience) and absorptive capacity**

- a. What kind of pre-knowledge level will you say your Norwegian colleagues have?
- b. What kind of pre-knowledge level will you say your Indonesian colleagues have?
- c. What kind of pre-knowledge level will you say your Pertamina colleagues have?

#### **6) Relationship and openness**

- a. How will you describe the relationship between the Statoil and Pertamina?
- b. What knowledge have Statoil been reluctant to transfer?
  - i. Why?
  - ii. How did they hide the knowledge
- c. How open do you perceive Statoil employees are to you and your colleagues?



- d. Can you describe how the contact was between you and Statoil employees?
- 7) Organizational difference**
  - a. What do you think characterize Statoil's culture?
  - b. What do you think characterize Pertamina's culture?
- 8) National difference**
  - a. How do you perceive the communication barrier between Indonesian and Norwegian employees?
  - b. What do you think characterize Norwegian culture?
  - c. What do you think characterize Indonesian culture?
  - d. If there exist a culture distance, how do you think it have made a barrier for knowledge transfer?
- 9) Do you wish to add anything to the interview?**

**INTERVIEW GUIDE NR.5 – PRESIDENT DIRECTOR OF STATOIL INDONESIA**  
**(Second interview with Tor)**

- 1) In general, what will you consider as important factors to do a successful knowledge transfer to a partner?
- 2) I have heard a lot about standard operating procedures so far, but how does really the valuable knowledge get transferred?
  - a. How is new knowledge created?
- 3) What knowledge is regarded as a competitive advantage?
  - a. How does this knowledge get transferred?
  - b. If not, how does the knowledge become hidden?
- 4) Can you describe how Indonesian share or transfer knowledge during in meetings?
  - a. Can you now describe again and at the same time compare it with the Norwegians?
  - b. How will you say that different nationalities work together?
    - i. Have it created some barrier for knowledge transfer?
- 5) Does the Indonesian at Statoil and from Pertamina have enough pre-knowledge to take advantage of the knowledge transferred to them?
  - a. If not, what have been done to give them sufficient knowledge?
- 6) It has come to my attention that some of those working for Statoil quit after 3 years, why is that?
  - a. What knowledge and how easy is it for Indonesian to transfer knowledge to others?
- 7) How will you describe Indonesian working in groups and with their task in Statoil?
  - a. Can you now describe this in regard of the Norwegian employees?
- 8) How do you perceive the willingness and ability of Norwegian colleagues to learn and share knowledge?
- 9) How do you perceive the willingness and ability of Indonesian colleagues to learn and share knowledge?
- 10) How do you perceive the willingness and ability of Pertamina employees to learn and share knowledge?
- 11) What do you think characterize Statoil`s culture?
- 12) What do you think characterize Pertamina`s culture?
- 13) Do you wish to add anything to the interview?

## **APPENDIX 2: INTERVIEW GUIDES – IN NORWEGIAN**

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**Felles info som alle respondentene blir spurt om:**

Navn:

Utdannelse:

Stillingstittel:

Antall år jobbet i følgende stilling:

Jobb beskrivelse og ansvarsområder:

Forrige prosjekt:

Nåværende prosjekt:

Antall år jobbet i Statoil:

Intervju dato, tid og sted:

Intervjulengde:

### **INTERVJUGUIDE NR. 1 – ADM. DIREKTØR FOR STATOIL INDONESIA**

#### **Del 1: Introduksjon av den strategiske alliansen**

- 1) Hva var hensikten med samarbeidet?
- 2) Var dette oppnådd?
  - a. Hvis ikke, hvorfor?
- 3) Har partner avtalen stått i fare eller lagd hindringer på noen som helst måte. Hvis ja, hvorfor?
- 4) Hvorfor vil du si at Pertamina var en god partner for Statoil?
  - a. Hva var det de faktisk bidrog med?
  - b. Hvorfor var dette samarbeidet viktig for Statoil Indonesia?
- 5) Beskriv Pertamina sine aktiviteter som var relatert til samarbeidet?
  - a. Hvem og hvor ofte møttes dere?
- 6) Beskriv hva avtalen i forhold til kunnskapsoverføring ved Karama blokken?
- 7) Hva slags kunnskap var relevant for Pertamina å få tak i?
  - a. Har dette blitt oppfylt?
- 8) Beskriv Statoil Indonesia sine kunnskapsoverførings aktiviteter relatert til samarbeidet?

- a. Hvordan var kunnskapen overført?
  - b. Hvordan deltok du i dette?
- 9) Hva slags kunnskap var Statoil Indonesia interessert å tilegne seg fra Pertamina?
- a. Var Pertamina villig til å dele kunnskap?
- 10) Beskriv ansvaret dere hadde for disse fire ansatte fra Pertamina som jobbet i en periode for dere?

## **Del 2: kunnskapsoverføring internt og eksternt**

- 11) Generelt, hva vil du si er viktige faktorer for å gjennomføre suksessfulle kunnskapsoverføringer til en partner?
- 12) Hvordan overfører du erfaringer og kunnskap til dine kolleger?
- 13) Hvordan tar Statoil nytte av tidligere kunnskapsoverførings erfaringer innenfor dypvanns leting av olje og gass innenfor liknende land?
- a. Hvordan blir denne kunnskapen lagret? (gjennom databaser, flytting av personell, møter etc.)
  - b. Hvordan overfører Statoil denne kunnskapen til andre i organisasjonen og Pertamina?
- 14) Skaper Statoil Indonesia ny kunnskap?
- a. Hvordan blir den nye kunnskapen brukt?
  - b. Hvem er det som skaper den nye kunnskapen innenfor organisasjonen?
  - c. Hvordan er kunnskapen lagret? (databaser, møter etc.)
- 15) Når og hvor ofte skjer kunnskapsoverføring i Statoil Indonesia?
- 16) Hva slags kunnskap har blitt overført internt i Statoil Indonesia?
- 17) Beskriv hvordan kunnskapen har blitt overført internt i Statoil Indonesia?
- a. Beskriv dine aktiviteter relatert til denne overføringen?
- 18) Hva slags kunnskap har blitt overført eksternt (disse fire fra Pertamina) fra Statoil?
- 19) Beskriv hvordan denne kunnskapen er blitt overført eksternt til disse fire? (møter, team arbeid, flytte kunnskap folk rundt osv.)
- a. Beskriv dine aktiviteter relatert til denne overføringen?
  - b. Den kunnskapen de har lært, vil du si at det er lett å overføre til sine kolleger i Pertamina?

## INTERVJUGUIDE NR. 2 – TOPPLEDELSEN AV STATOIL INDONESIA

### Del 1: kunnskapsoverføring internt og eksternt

- 1) Generelt, hva vil du si er viktige faktorer for å gjennomføre suksessfulle kunnskapsoverføringer?
- 2) Hva slags kunnskap har blitt overført internt i Statoil Indonesia?
  - a. Vil du si at denne kunnskapen er nyttig for dem i en daglig dags situasjon?
- 3) Beskriv hvordan kunnskapen har blitt overført internt i Statoil Indonesia (møtes, konferanser, team arbeid, flytter eksperter rundt)?
  - b. Beskriv dine aktiviteter relatert til denne overføringen?
- 4) Hva slags kunnskap har blitt overført eksternt (disse fire fra Pertamina) fra Statoil?
  - c. Hva vil du si at disse ansatte har lært fra Statoil?
- 5) Beskriv hvordan denne kunnskapen er blitt overført eksternt til disse fire? (møter, team arbeid, flytte kunnskap folk rundt osv.)
  - d. Beskriv dine aktiviteter relatert til denne overføringen?

### Del 2: utforske relevante faktorer

#### 6) Taus kunnskap

- a. Den kunnskapen de har lært, vil du si at den er lett å overføre til sine kolleger i Pertamina?

#### 7) Lærings vilje

- a. Hvordan oppfatter du viljen og evnen til norske kollegaer til å lære og dele kunnskap?
- b. Hvordan oppfatter du viljen og evnen til indonesiske kollegaer til å lære og dele kunnskap?
- c. Hvordan oppfatter du viljen og evnen til ansatte fra Pertamina kolleger til å lære og dele kunnskap?
- d. Hvilke ressurser har dere hatt tilgjengelig for å gjennomføre disse kunnskapsoverføringene?

#### 8) Tidligere erfaringer med lik type kunnskap og absorptive kapasitet

- a. Hvordan tar Statoil nytte av tidligere kunnskapsoverførings erfaringer innenfor dypvanns leting av olje og gass innenfor liknende land?
  - i. Hvordan blir denne kunnskapen lagret? (gjennom databaser, flytting av personell, møter etc.)
  - ii. Hvordan overfører Statoil denne kunnskapen til andre i organisasjonen og til Pertamina?
- b. Hva slags forkunnskaper vil du si dine norske kolleger hadde i forhold til å ta i bruk (ha nytte av) kunnskap overført til dem?
- c. Hva slags forkunnskaper vil du si dine indonesiske kolleger hadde i forhold til å ta i bruk (ha nytte av) kunnskap overført til dem?

- d. Hva slags forkunnskaper vil du si Pertamina ansatte hadde i forhold til å ta i bruk (ha nytte av) kunnskap overført til dem?

**9) Åpenhet**

- a. Hvordan vil du beskrive forholdet mellom Statoil og Pertamina?
- b. Hva slags kunnskap var dere motvillig til å lære bort? Hvorfor, og hvordan skjulte dere denne kunnskapen?
- c. Hvor åpen oppfatter du at Pertamina ansatte er til deg og resten av organisasjonen?

**10) Organisatoriske forskjeller**

- a. Hva tror du karakteriserer Statoil sin kultur?
  - i. Spesielt i forhold til viljen og åpenhet til å lære og dele kunnskap?
- b. Hva tror du karakteriserer Pertamina sin kultur?
  - i. Spesielt i forhold til viljen og åpenhet til å lære og dele kunnskap?
- c. Eksisterer den en felles organisatorisk kultur forskjell mellom Statoil og Indonesia?
  - i. Har du erfart noen utfordringer relatert til en slik forskjell?
- d. Hvordan oppfatter du aktiviteter gjort av Statoil kollegaer i sammenligning med ansatte fra Pertamina?
  - i. Er det noen forskjell i hvordan de utfører sine oppgaver?

**11) Nasjonale kultur forskjeller**

- a. Hvordan oppfatter du kommunikasjonen mellom indonesiske og norske ansatte?
- b. Hva tror du karakteriserer norsk kultur?
- c. Hva tror du karakteriserer indonesisk kultur?
- d. Hvis det eksisterer en kultur forskjell, hvordan tror du det kan ha skapt utfordringer i forhold til kunnskapsoverføring?

**12) Er det noe du ønsker å tilføye til dette intervjuet?**

## **INTERVJUGUIDE NR. 5 – ADM. DIREKTØR FOR STATOIL INDONESIA**

### **(2. gangs intervju av Tor)**

- 1) Generelt, hva vil du si er viktige faktorer for å gjennomføre suksessfulle kunnskapsoverføringer?
- 2) Jeg hører mye om prosesser og prosedyrer i deres organisasjon, men hvordan blir verdifull kunnskap overført?
  - a. Hvordan blir ny kunnskap skapt?
- 3) Hvilken kunnskap er ansett som særegne som dere har en konkurransefordel?
  - a. Hvordan blir slik kunnskap overført?
  - b. Hvis ikke, hvordan skjuler dere slik kunnskap?
- 4) Kan du fortelle litt hvordan de indonesiske er aktive i kunnskapsdeling under møter?
  - a. Kan du beskrive dette på nytt men med sammenligning av de norske ansatte?
  - b. Hvordan vil du si de forskjellige nasjonalitetene jobber sammen?
- 5) Har de Indonesiske ansatte og Pertamina ansatte nok forkunnskaper i forhold til å ta i bruk (ha nytte av) kunnskap overført til dem?
  - a. Hvis ikke, hva har blitt gjort for at de får nok av forkunnskaper?
- 6) Det har kommet til min oppmerksomhet at noen ansatte hos dere slutter etter rundt 3 år, hvorfor er dette tilfellet?
  - a. Hvilken kunnskap og hvor enkelt er det for de indonesiske for å overføre kunnskap til andre?
- 7) Hvordan vil du beskrive indonesiske jobber i grupper og utfører sine oppgaver i Statoil?
  - a. Kan du beskrive dette med hensyn på de norske ansatte?
- 8) Hvordan oppfatter du viljen og evnen til norske kollegaer til å lære og dele kunnskap?
- 9) Hvordan oppfatter du viljen og evnen til indonesiske kollegaer til å lære og dele kunnskap?
- 10) Hvordan oppfatter du viljen og evnen til ansatte fra Pertamina kolleger til å lære og dele kunnskap?
- 11) Hva tror du karakteriserer Statoil sin kultur?
- 12) Hva tror du karakteriserer Pertamina sin kultur?
- 13) Er det noe du ønsker å tilføye til dette intervjuet?